Appendix G

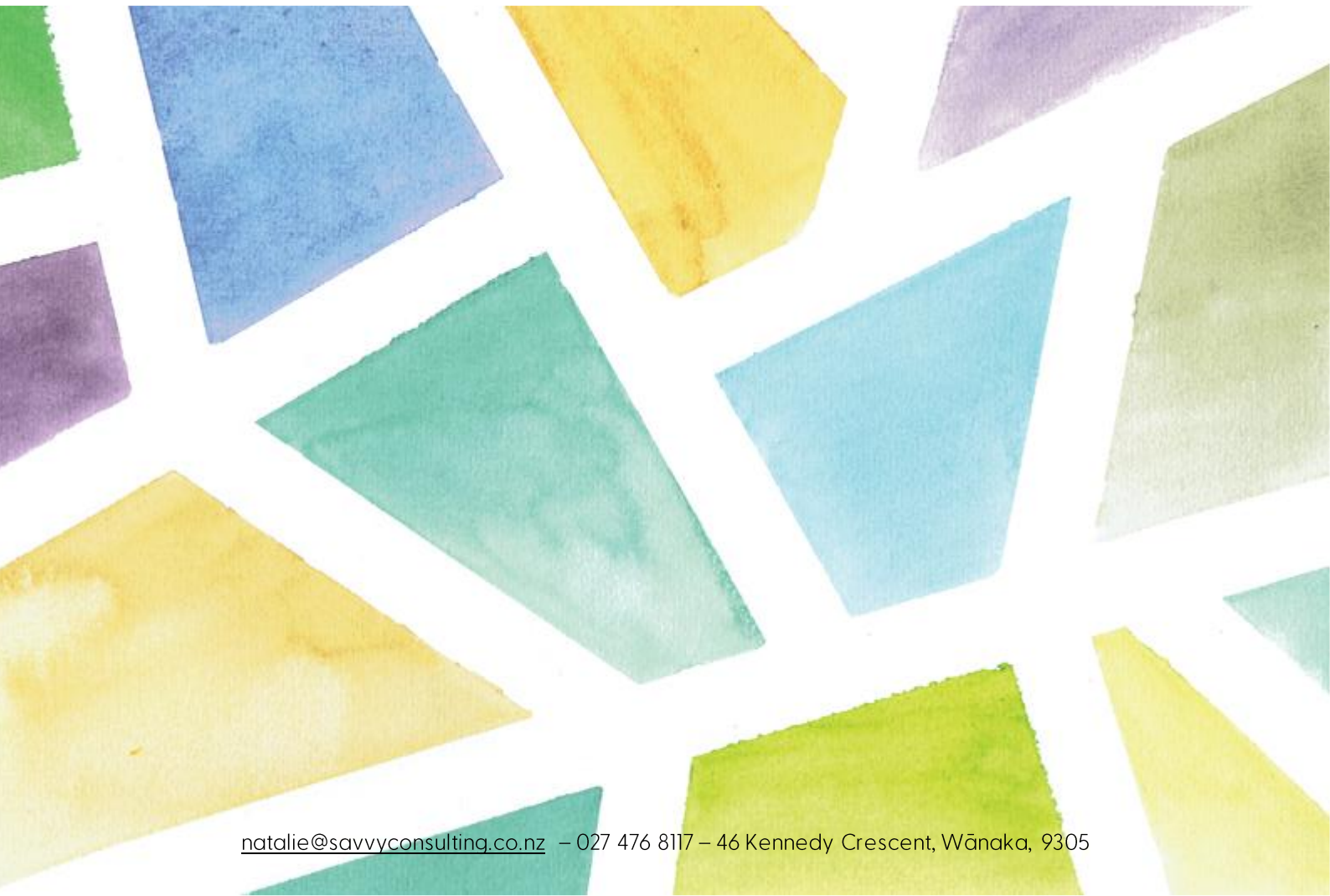
Housing and Economic Assessment

savvy CONSULTING

Wānaka Housing and Economic Assessment

For Fast Track Approval Application

Prepared for: Mt Iron Junction Limited - December 2025 – Final



natalie@savvyconsulting.co.nz – 027 476 8117 – 46 Kennedy Crescent, Wānaka, 9305

Wānaka Housing and Economic Assessment

For Fast Track Approval Application

Project Reference: MIJ001.25

Author: Natalie Hampson (Director)

Version History:

Date	Status
24 August 2025	Draft for feedback
18 November 2025	Draft v3 for feedback
15 December 2025	Draft v4 for final review
16 December 2025	Final

savvy CONSULTING

Contents

EXECUTIVE SUMMARY 1

1 INTRODUCTION 5

1.1 The Fast Track Approvals Act 2024 5

1.2 National Policy Statement – Urban Development 7

1.3 Report Structure 8

2 STUDY AREA AND SPATIAL CONTEXT 10

3 HOUSING MARKET ASSESSMENT 13

3.1 Housing Demand and Capacity Assessment 2021 13

3.2 Latest Housing Market Indicators 26

3.3 Urban Intensification Variation 33

3.4 Housing Demand and Capacity Assessment 2025 35

4 CONTRIBUTION OF THE PROJECT 46

4.1 Overview 46

4.2 Increasing Residential Land Supply 49

4.3 Meeting Household Needs 50

4.4 Contributing to a Well-functioning Urban Environment 54

4.5 Impact on Housing Affordability 57

4.6 Construction Economic Impacts on the Economy 61

5 CONCLUSIONS 65

5.1 Economic Benefits 65

5.2 Economic Costs 67

5.3 Conclusions on Economic Significance 68

APPENDIX 1 – CV 69

APPENDIX 2 – GDP IMPACT VS WELLBEING FRAMEWORK EXAMPLE 71

APPENDIX 3 – ECONOMIC IMPACT TERMINOLOGY & ASSUMPTIONS 73

Figures

FIGURE 2.1 – STUDY AREA – WĀNAKA WARD INCLUDING EXISTING URBAN AREAS 10

FIGURE 2.2 – WĀNAKA URBAN AREA AND PROPOSED DISTRICT PLAN ZONING SHOWING PROJECT SITE 11

FIGURE 2.3 – MOUNT IRON JUNCTION SITE RELATIVE TO THREE PARKS AMENITY AND OTHER SOCIAL INFRASTRUCTURE 12

FIGURE 3.1 – ESTIMATED HOUSEHOLD MIX IN QUEENSTOWN LAKES DISTRICT IN 2020 14

FIGURE 3.2 – TOTAL QLD DWELLING CONSENTS BY TYPE 1996-2020 18

FIGURE 3.3 – TOTAL QLD DWELLING CONSENTS BY SIZE (SQM) 2000-2020 19

FIGURE 3.4 – CHANGES IN DISTRICT PROPERTY VALUES 2020-2050 – EXISTING (2020) DWELLING ESTATE 20

FIGURE 3.5 - CHANGES IN DISTRICT PROPERTY VALUES 2020-2050 – NEW ADDITIONS TO THE DWELLING ESTATE 21

FIGURE 3.6 - CHANGES IN DISTRICT PROPERTY VALUES 2020-2050 – TOTAL EXISTING AND NEW DWELLING ESTATE 22

FIGURE 3.7 – HDCA 2021 WĀNAKA WARD HOUSING CAPACITY ASSESSMENT 23

FIGURE 3.8 – 12 MONTH ROLLING MEDIAN DWELLING SALES PRICE (ACTUAL PRICES) – QLD COMPARISON 27

FIGURE 3.9 – QLD HOUSE AND RENTAL PRICE INDEX RELATIVE TO MEDIAN HOUSEHOLD INCOMES (2015-2025) 28

FIGURE 3.10 – RENTAL MARKET INDICATORS 2015-2025 IN QLD, OTAGO AND NEW ZEALAND 29

FIGURE 3.11 – DISTRIBUTION OF QLD RESIDENTIAL PROPERTY VALUES 2020 CP. TOTAL NEW ZEALAND 29

FIGURE 3.12 - 12 MONTH ROLLING MEDIAN DWELLING SALES PRICE (ACTUAL PRICES) – QLD WARD COMPARISON 30

FIGURE 3.13 – LAND VALUE AS A PERCENTAGE OF CAPITAL VALUE – QLD WARD COMPARISON.....31

FIGURE 3.14 – LOCATION OF OPERATIVE MEDIUM AND HIGH DENSITY RESIDENTIAL ZONES, WĀNAKA WARD.....32

FIGURE 3.15 – EXTRACT FROM THE HDCA 2025 – CURRENT DWELLING SIZE PROFILE BY WARD.....37

FIGURE 3.16 - SUBMISSIONS TO THE UIV SEEKING ADDITIONAL MDRZ AND HDRZ IN THREE PARKS, WĀNAKA, SUPPORTED BY COUNCIL OFFICERS.....44

FIGURE 4.1 – MOUNT IRON JUNCTION HOUSING SCHEME – SITE PLAN.....46

FIGURE 4.2 – PROPOSED TERRACE HOUSING EXAMPLES AND WALK-UP APARTMENTS.....47

FIGURE 4.3 – BREAKDOWN OF PROPOSED DWELLING UNITS BY BEDROOM COUNT.....47

FIGURE 4.4 – PROPOSED CAFÉ AND GROCERY STORE.....48

FIGURE 4.5 – PROPOSED DAY CARE CENTRE.....49

FIGURE 4.6 – CRITERIA FOR SATISFYING POLICY 8 OF THE NPS-UD IN OTAGO REGION.....53

FIGURE 4.7 – B&A 2022/2023 ACCESSIBILITY ASSESSMENT FOR WĀNAKA - EMPLOYMENT AND CENTRE ACCESSIBILITY CATCHMENT EXAMPLES.....55

FIGURE 4.8 – TIMELINE OF QLCHT HOUSING DEVELOPMENTS IN THE WĀNAKA WARD.....59

FIGURE 4.9 – QLCHT WĀNAKA URBAN AREA DELIVERED AND PIPELINE DWELLINGS BY LOCATION.....60

FIGURE 4.10 - TOTAL VALUE ADDED IMPACTS OF THE DEVELOPMENT OF THE PROJECT ON THE OTAGO ECONOMY ($2020, UNDISCOUNTED) BY YEAR.....64

Tables

TABLE 3.1 – HDCA 2021 WĀNAKA WARD HOUSING SUFFICIENCY BY DWELLING TYPE 2020-2050.....24

TABLE 3.2 – QLD HDCA 2025 WĀNAKA WARD DWELLING PROJECTIONS 2023-2053 BY SCENARIO 39

TABLE 3.3 – HDCA 2025 MEDIUM TERM DWELLING SUFFICIENCY BY TYPE AND LOCATION, WĀNAKA WARD.....41

TABLE 3.4 – HDCA 2025 LONG TERM DWELLING SUFFICIENCY BY TYPE AND LOCATION, WĀNAKA WARD.....42

TABLE 4.1 – DIRECT, INDIRECT, INDUCED AND TOTAL ECONOMIC IMPACTS OF THE DEVELOPMENT OF THE PROJECT ON THE OTAGO ECONOMY ($2020, UNDISCOUNTED).....63

TABLE 4.2 – NET PRESENT VALUE OF TOTAL VALUE ADDED AND HOUSEHOLD INCOME IMPACTS.....64

Executive Summary

The purpose of the Fast Track Approvals Act 2024 is to "*facilitate the delivery of infrastructure and development projects with significant regional or national benefits*". Schedule 2 of the Act lists 149 projects that the Government has determined meet the Act's purpose, granting them direct access to the Fast Track pathway without requiring Ministerial referral. This includes the Mt Iron Junction Housing Scheme which is a shovel ready project that proposes to deliver 250 terraced and walk-up apartment style dwellings, a daycare centre and two convenience retail tenancies in Wānaka, Queenstown Lakes District that could be fully developed and occupied within the next five years.

The delivery of the Project in the short-term (five years) adds to the positive impact of the Project given that the current undersupply of attached housing in the Wānaka Ward is (despite zoned opportunity) directly contributing to very high (and growing) median house prices and very low (and decreasing) housing affordability, as discussed below.

This report provides an assessment of the spatial context of the proposed development Site, including relative to current and proposed District Plan zoning. The Site is outside (but adjoining) the Wānaka Urban Growth Boundary but is in line with the spatial extent and intent of that boundary (i.e. development of the Site will not contribute to material urban sprawl or fragmentation of the Wānaka urban area).

Finding a job is often easier than finding somewhere to live in the Wānaka Ward, particularly during the regular influx of seasonal workers. Being able to sustain high living costs (not limited to high housing costs) is a significant challenge for many households. Increasingly, lower income households in the Wānaka Ward are choosing (or forced) to live further from the main Wānaka urban area (such as in Hawea) to reduce housing costs. This trade-off is at the expense of higher transport costs (and travel times), noting that there is no public transport service in the Wānaka Ward.

The Site provides good accessibility to employment areas, shops and services, schools, recreation facilities and open space. Limited convenience retail and daycare activities proposed in the Site will further increase accessibility for future residents of the Project. The current and future accessibility of the Site makes it an efficient location for housing intensification. The proposed dwelling types and density of the Project are akin to the development outcomes anticipated in the Medium Density Residential Zone in the District Plan. The economic benefits of appropriately located medium and high density housing on well-functioning urban environments and housing affordability are widely known and understood.

This report provides a summary analysis of the housing market of the wider district and Wānaka Ward within which the impact of the Project's dwelling supply will be felt, and where it will support greater competition in the housing land market (and particularly the greenfield attached housing market and long term rental market). This includes assessments that give effect to the National Policy Statement on Urban Development 2020.

The Housing Development Capacity Assessment ("HDCA") 2021 prepared for the Queenstown Lakes District ("QLD" or "district") concluded that increasing the opportunity for the market to deliver commercially feasible attached housing (which typically delivers dwellings in lower price bands), in locations that are highly accessible and not constrained by infrastructure, will be key for QLD going forward, not only to meet projected demand, but to help manage housing affordability for the most vulnerable segments of housing demand. This was also a key driver for the proposed Urban Intensification Variation and remains a key message in the updated Housing Development Capacity Assessment 2025.

Increasing the supply of medium and high density housing (i.e. attached housing) is critical to meeting current and future housing needs for smaller, more compact housing, helping to mitigate house prices rising and therefore improving housing affordability in QLD (or at least slowing the rate of increasing unaffordability).

As Wānaka Ward has supplied significantly fewer attached dwellings to date, the overall price profile of the dwelling estate in the Wānaka Ward is more expensive (worsening housing affordability) relative to the district overall, and there is currently a significant gap of small sized dwelling units available for resident households.

Including the competitiveness margin, attached dwelling demand growth in the Wānaka Ward is projected between 1,100-1,700 by 2033, increasing to 3,200-6,700 by 2053. Any shortfall in attached housing in the future will disproportionately impact the affordability of future housing for those resident households seeking rental properties and/or on lower incomes (as standalone houses are – based on trends seen at the district level – more likely to be owner occupied dwellings in higher price brackets).

The Council's latest published HDCA2025 shows:

- a projected shortfall of attached housing capacity (in both existing and greenfield areas) in the Wānaka urban area in the short term, and
- a potential shortfall of greenfield attached housing capacity in the Wānaka urban area in the medium term under alternative demand scenarios, and
- a shortfall of greenfield attached housing capacity in the Wānaka urban area and wider Wānaka Ward in the long term as reported in the Council HDCA 2025, and a

potential shortfall of total attached housing capacity (greenfield and existing urban) in the Wānaka Ward and Wānaka urban area in the long term under alternative demand scenarios.

The medium and long term sufficiency findings in the HDCA 2025 take into account the proposed (notified) Urban Intensification Variation provisions that seek to enable provision of housing development, yet shortfalls are still projected in greenfield areas. The decision on the UIV is still pending and it may be subject to appeals, further delaying when the additional development opportunity for attached housing can take effect. The Project will make a significant contribution to mitigating the projected short, medium and long term insufficiency of attached housing in the Wānaka urban area and wider Ward.

To put the Project's contribution of housing supply in context of total housing demand (excluding the competitiveness margin), the Project equates to meeting 10% of projected demand for additional housing in the Wānaka urban area over the medium term or 7% of projected medium term housing demand in the total Wānaka Ward. To put this another way, it could accommodate the equivalent of 1.0 years' demand growth in the Wānaka urban area or 0.7 years' demand growth projected in the total Wānaka Ward.

To put the Project's contribution of housing supply in context of attached housing demand, the Project equates to meeting 23-37% of projected demand for additional attached housing in the Wānaka urban area over the medium term (depending on scenario) or 18-27% of projected medium term housing demand in the total Wānaka Ward. To put this another way, it could accommodate the equivalent of 2.3-3.7 years' attached demand growth in the Wānaka urban area or 1.8-2.7 years' demand growth projected in the total Ward.

The HDCA 2025 also showed a projected shortfall of housing in lower price bands that would be affordable to first home buyers. The dwelling mix (including types and sizes) and location of the Project aligns directly with the current and projected housing needs. This includes meeting growing demand for 1-2 bedroom dwellings, long term rentals, relatively more affordable accommodation for workers and retired households, and actual affordable housing delivered by the Queenstown Lakes Community Housing Trust. For the latter, the applicant has an agreement to gift land capable of delivering 13 dwellings to the Trust. This contribution alone is considered significant in the face of a 250 strong waiting list for affordable housing in the Wānaka Ward.

The Project is considered commercially feasible but does not represent a profit-maximising development. That is, the applicant is proposing to build houses that are a smaller typology than those that would generate maximum profits, limit (for 80% of proposed dwellings) potential for residential visitor accommodation that can attract higher prices from investors,

gift land to the Community Housing Trust that would otherwise contribute to producer operating surplus and promote a portion of the yield for 'Build for Rental'. The Project is therefore relatively unique in the Wānaka Ward housing market and this contributes to its economic significance.

In addition to the economic benefits of the Project discussed above, the economic impacts catalysed by the Project (which supports gross output of around $121 million) include:

- Contributing $_{2020}$94 million in total value added to the Otago economy over an indicative 5 years. This has an estimated net present value ("NPV") of $_{2020}$74 million.
- Generating total wages/salaries for Otago households to the value of $_{2020}$44 million over 5 years. This has an estimated net present value of $_{2020}$35 million.
- Sustaining total employment for around 771 FTE-years across a broad range of sectors in Otago over the various stages of the development (or equivalent to around 142 full-time workers (on average) sustained for 5 years).

Overall, Savvy considers that the Mount Iron Housing Scheme can be supported from an economic perspective. The Project is consistent with the objectives and policies of the NPS-UD, including contributing to a well-functioning urban environment. It delivers significant economic benefits to the Wānaka Ward, wider QLD and Otago Region with no material economic costs.

1 Introduction

This report, prepared by Savvy Consulting,[1] assesses the economic benefits of a request for approval under the Fast Track Approvals Act 2024 ("the Act") for an area of land in the Wānaka Ward that is currently zoned Rural to be developed for urban residential purposes along with some minor community and convenience retail activities. The project is referred to as the Mt Iron Junction Housing Scheme ("the Project"), and the applicant is Mt Iron Junction Limited ("MIJL").

The scope of this independent economic assessment has been designed to assist with the Assessment of Environmental Effects by outlining the economic effects (benefits and costs) of the Project, assessing the housing supply enabled, as well as assessment against district and regional planning provisions, and higher order statutory documents (namely the National Policy Statement on Urban Development ("NPS-UD")), from an economic perspective.

The purpose of this report is to provide a comprehensive overview of these economic benefits to assist the Expert Panel in evaluating the Project against the relevant framework under the Act.

1.1 The Fast Track Approvals Act 2024

The Act came into force on 23 December 2024. Within it, Schedule 2 lists 149 projects that the Government has determined meet the Act's purpose, granting them direct access to the Fast-track pathway without requiring Ministerial referral. This includes the Project, which is the subject of this assessment.

A key consideration for the Panel is the significant regional or national benefits of a project. Under Section 85 a Panel may only decline an approval if the adverse impacts are sufficiently significant to be out of proportion to the project's regional or national benefits; taking into account any conditions or modifications that the applicant may agree to or propose to avoid, remedy, mitigate, offset or compensate those adverse impacts.

Section 22 of the Act outlines the key criteria for determining the regional or national benefits of a project under the Act for referral purposes. They include whether a project:

- Section 22(2)(a)(i): Has been identified as a priority project in a central government, local government or sector plan or strategy.

[1] The experience and qualifications of the report author are contained in Appendix 1.

- Section 22(2)(a)(ii): Will deliver regionally or nationally significant infrastructure or enable the continued functioning of existing regionally or nationally significant infrastructure.
- **Section 22(2)(a)(iii): Will increase the supply of housing to address housing needs or contribute to a well-functioning urban environment (within the meaning of Policy 1 of the National Policy Statement on Urban Development 2020).**
- **Section 22(2)(a)(iv): Will deliver significant economic benefits.**
- Section 22(2)(a)(v): Will support primary industries, including aquaculture.
- Section 22(2)(a)(vi): Will support the development of natural resources, including minerals and petroleum.
- Section 22(2)(a)(vii): Will support climate change mitigation, including the reduction or removal of greenhouse gas emissions.
- Section 22(2)(a)(viii): Will support climate change adaptation, reduce risks arising from natural hazards, or support recovery from events caused by natural hazards.
- Section 22(2)(a)(ix): Will address significant environmental issues.
- Section 22(2)(x): Is consistent with local or regional planning documents, including spatial strategies.

While not a referral application, Savvy considers that these criteria are helpful context of what economic effects (costs and benefits) are of key relevance to the application. This report focusses on criteria (iii) and (iv). Specifically, the analysis demonstrates how the Project aligns with key criteria of the Act, including:

- Increasing housing supply and addressing housing needs.
- Contributing to a well-functioning urban environment.
- Delivering significant economic benefits.

The following national policy provisions help to set the further context of the economic effects (costs and benefits) analysis. An assessment of the project against the relevant national policy provisions is required to be included as part of the application under the Act.

1.2 National Policy Statement – Urban Development

As a tier 2 local authority, Queenstown Lakes District Council ("QLDC") must give effect to the objectives and policies of the NPS-UD. At a high-level, the following objectives and policies are considered relevant guidance to the scope of this economic assessment:

- Planning decisions contribute to well-functioning urban environments which have or enable (among other things) a variety of homes that meet the needs of households in terms of type, price and location and that have good accessibility between housing, jobs, community services, natural spaces and open spaces (Objective 1 and 3(a) and Policy 1 a, c, d).
- Urban environments develop and change to meet the changing needs of communities and future generations, including by enabling more people to live in areas of an urban environment where there is high demand for housing land relative to other areas. (Objectives 4 and 3(c)).
- Local authorities, at all times, provide at least sufficient development capacity to meet expected demand for residential land over the short, medium and long-term (Policy 2). While this is not a rezoning application, the application for approval under the Act is a response to the insufficiency of affordable housing development capacity provided in the District Plan and more generally, the increasing demand for attached housing in accessible locations in the Wānaka Ward. From a market perspective, a consented development achieves the same outcome and benefits of realising the development of additional zoned capacity.
- Decision makers should have regard to the benefits of urban development that are consistent with a well-functioning urban environment (Policy 6c).
- Decision making affecting urban environments is responsive to proposals that would add significantly to development capacity and contribute to well-functioning urban environments even if unanticipated by planning documents or are out of sequence with planned land release (Objective 6(c), Policy 8). Again, while not a plan change, the economic benefits of the Project are directly related to the significant scale, nature and location of the housing development proposed.

Guided by the relevant criteria of the Act and the intent of the NPS-UD, this economic assessment seeks to confirm:

- if the Project is in a location and market of high relative demand;

- whether sufficient development capacity has been provided in that locality in the District Plan to meet expected demand and housing needs over time as relevant context for how the Project contributes;
- whether the Project contributes to a well-functioning urban environment (selected aspects of which are discussed already above) and provides significant development capacity;
- whether the project delivers significant gross economic benefits; and
- whether any economic costs of the Project (if applicable) are sufficiently significant to be out of proportion to the Project's economic benefits, and if the net economic benefits are still significant.

1.3 Report Structure

To meet the requirements set out above, the approach of this economic assessment considers:

- The relevant study area for the assessment of the Project and the spatial context of the proposed Site (Section 2).
- A comprehensive assessment of the QLD and study area housing market. This includes assessment of housing demand, housing supply trends, housing development capacity provided by the District Plan (including proposed variations to the Plan), the sufficiency of that capacity to meet expected housing demand (including by housing type) and housing affordability. This is covered in Section 3.
- The contribution of the Project to housing supply, housing needs, housing affordability, a well-functioning urban environment, GDP and employment (Section 4).
- A summary of all economic benefits and costs, with conclusions on overall economic efficiency and significance is contained in Section 5.

For clarity, this economic assessment considers **economic** costs and benefits but does not contain a Cost Benefit Analysis ("CBA") (formal or otherwise) that assesses **all** effects of the Project. The economic assessment is one of several technical assessments for the Application. The substantive application prepared by Patersons/the AEE brings the conclusions of those technical assessments together (including their respective benefits and costs (impacts) to form a view on whether any adverse impacts are sufficiently significant to be out of proportion with the Project's regional benefits.

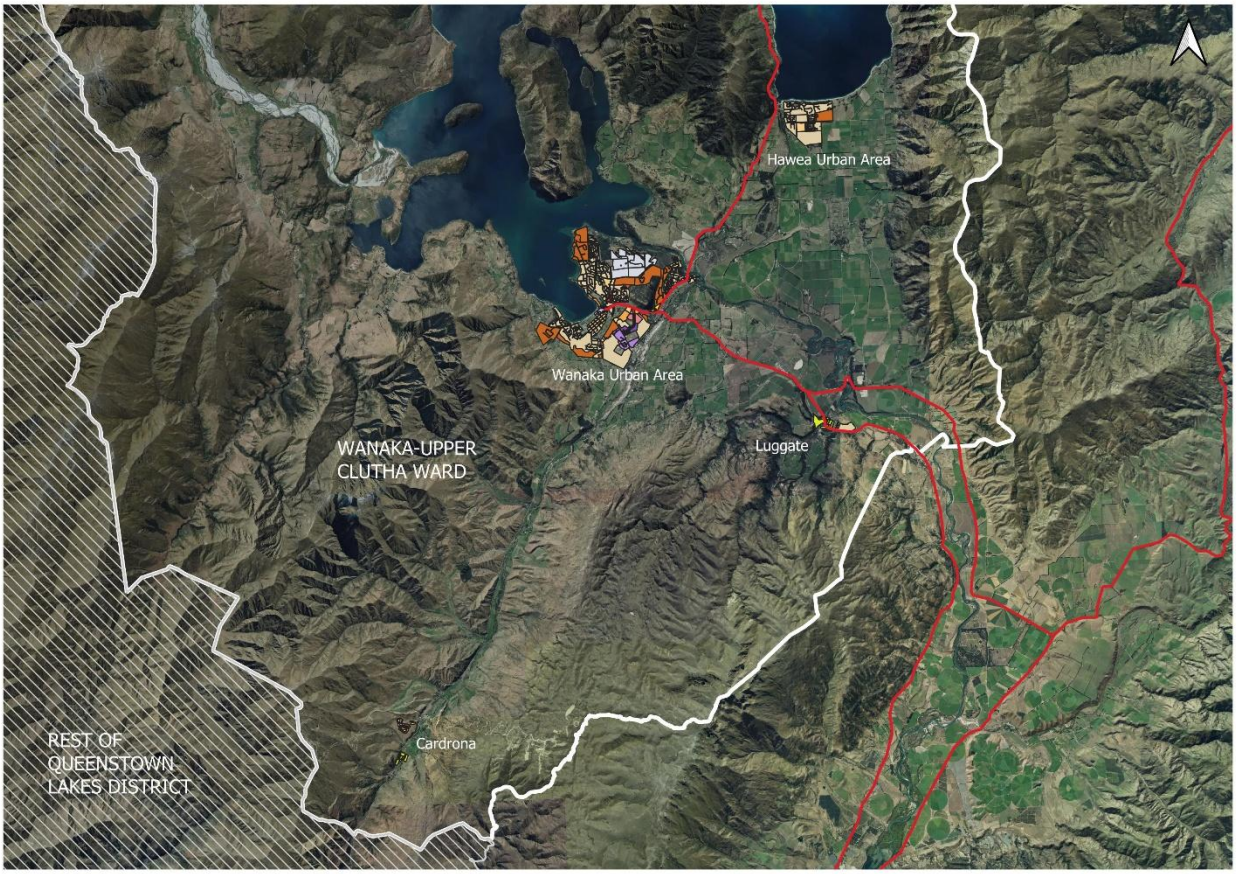
The use of an economic impact assessment methodology is an appropriate method (particularly when coupled with assessment of wider economic wellbeing benefits) and is consistent with identifying the economic benefits of the Project under the FTAA. While it has been raised in other FTAA projects that applicants should use a CBA approach (see the peer review of the Delmore FTAA) the FTAA does not contain a direction requiring this.[2] The FTAA framework is different to Section 32 of the RMA which requires the identification and assessment of the benefits and costs of a proposal (including economic effects), however there are no equivalent provisions in the FTAA..

[2] Resource Economics 2025. "Delmore Fast Track Approvals Application – review of Economic Analyses", Tim Denne, 13 August 2025, available at: Resource Economics 1Delmore Fast Track Approvals Act Application – Review of Economic Analyses Tim Denne, 13th August 2025.

2 Study Area and Spatial Context

The Site is located at 327 Wānaka-Luggate Highway in the Wānaka urban area/township. The study area for this assessment is the Wānaka-Upper Clutha Ward ("Wānaka Ward") as defined by StatisticsNZ using 2025 boundaries (Figure 2.1). This is the housing market relevant to the application, with the rest of QLD physically separated by the Crown Range and comprising the Queenstown-Whakatipu Ward and Arrowtown-Kawarau Ward.

Figure 2.1 – Study Area – Wānaka Ward Including Existing Urban Areas

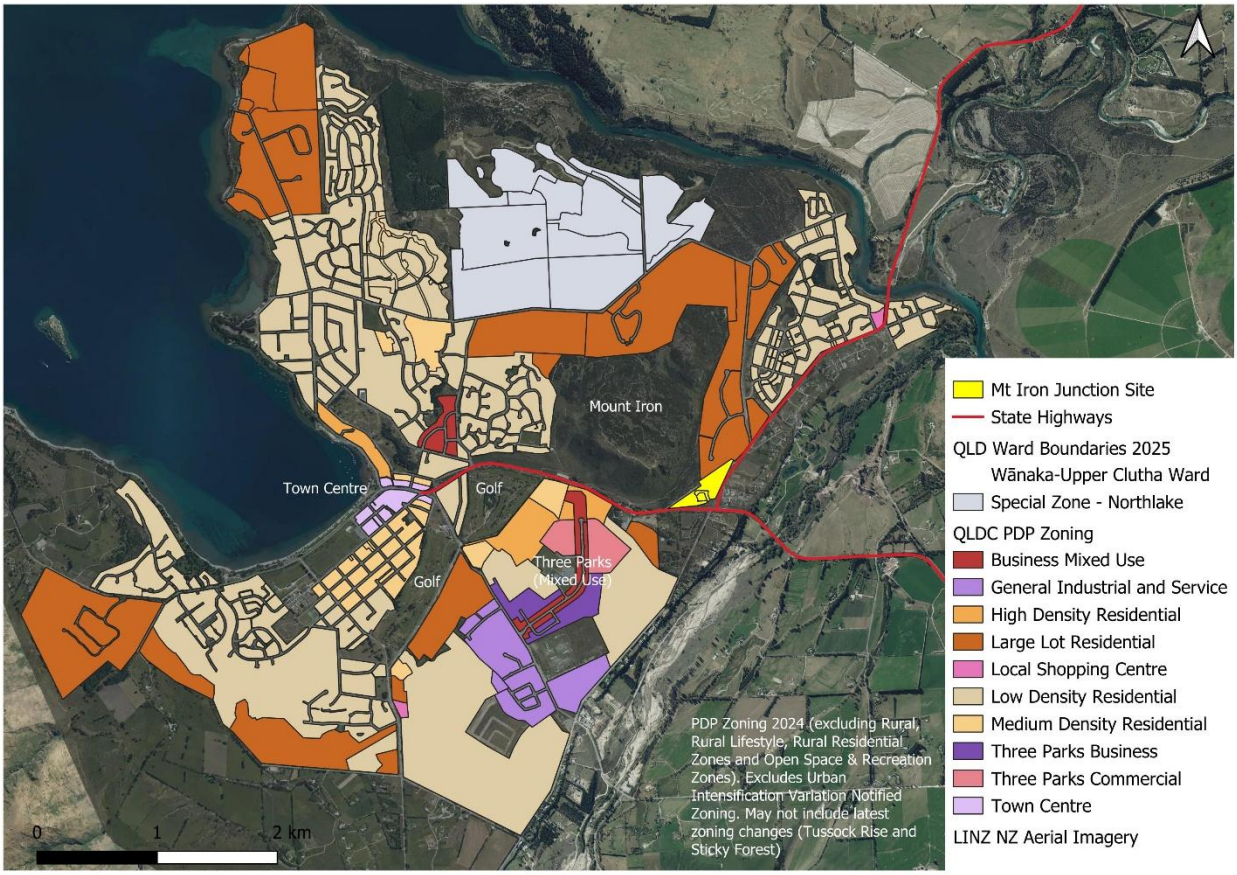


The total urban environment of the Wānaka Ward comprises the Wānaka urban area (which includes Albert Town), the Hawea urban area, and the settlements of Luggate and Cardrona. Wānaka is the economic centre of the Wānaka Ward and it dominates housing supply and employment activity. Both Wānaka and Hawea have Urban Growth Boundaries ("UGBs") defined in the District Plan. The UGB functions to focus and contain urban development, assisting to protect the district's landscapes from urban sprawl.

The Site is currently zoned Rural Zone and is located outside (but adjoining) the UGB. The Site excluded from the UGB by virtue of its zoning, not its location (in Savvy's view). However, the

Site includes an already consented, and now under development, campus style housing and commercial development. It sits within the eastern boundary of the urban environment – which follows the Wānaka-Hawea Highway and Riverbank Road (Figure 2.2). The Site adjoins an area of Large Lot Residential Zone ("LLRZ"). The UGB is on the northern boundary of the Site. The newly (early 2024) completed NZTA roundabout provides access to the Site and is the key entrance point into Wānaka from Hawea and Luggate. Opposite the Site is a veterinary clinic.

Figure 2.2 – Wānaka Urban Area and Proposed District Plan Zoning Showing Project Site



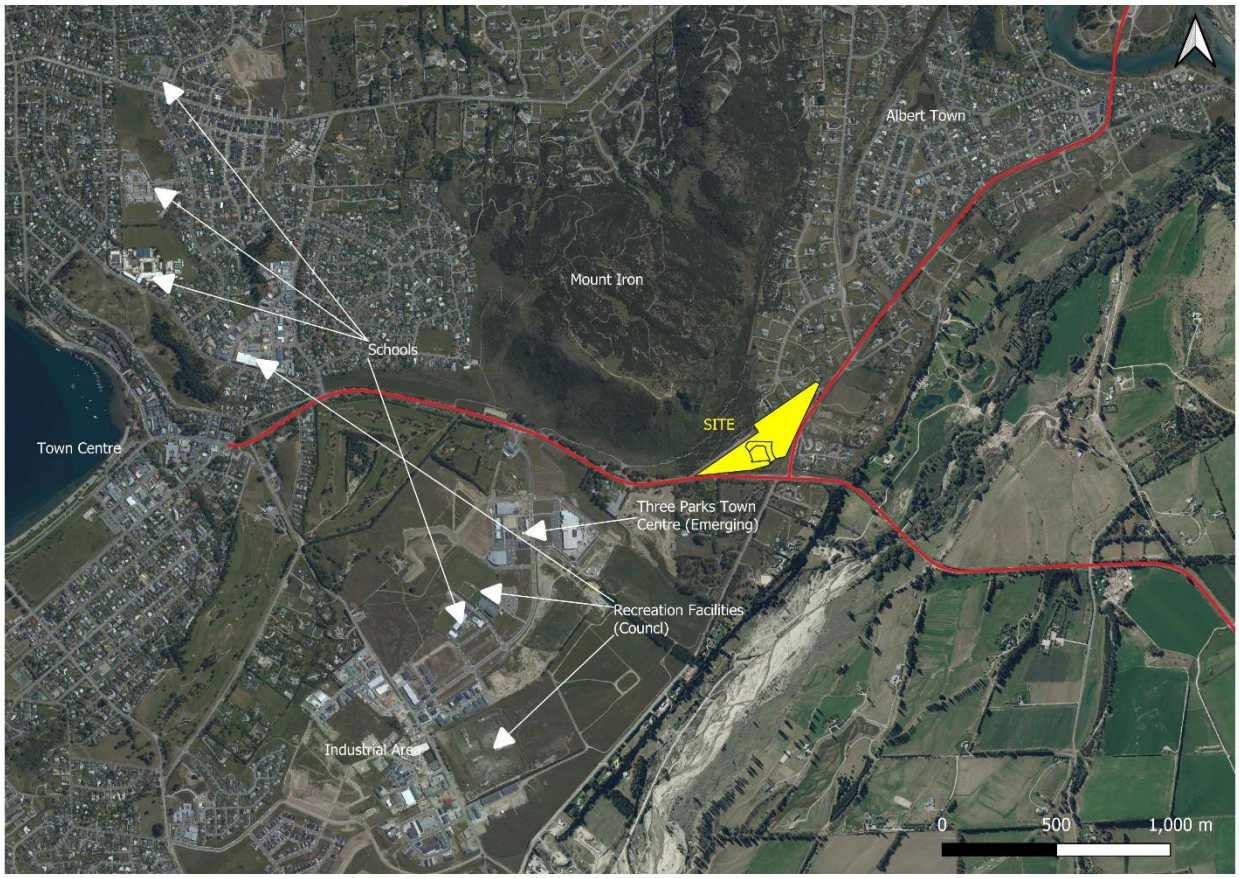
As well as being located on the key arterial road network, the Site connects to the shared walking/bike trail network that exists around the base of Mount Iron. This trail network provides safe access to the Three Parks mixed use area (discussed further below) via an underpass, the Wānaka Town Centre and the high school (Mount Aspiring College). The strong accessibility to Three Parks puts the Site in walking/cycling distance of the following Three Parks activities (and shown in Figure 2.3):

- Primary School.
- The Wānaka Recreation Centre (pool, indoor sports, gym, sports fields).

- Large Format Retail centre, including two supermarkets (one existing and the other preparing for construction).
- Main Street shopping centre and civic park (emerging).
- A large Business Mixed Use Zone ("BMUZ") (emerging but already attracting commercial and office businesses).
- A large Business Zone (effectively a light industrial and service employment area).

Three Parks also connects through to Wānaka's industrial area (Figure 2.2) which is a key area of employment. Mount Iron is a popular open space recreation area and sits to the rear of the Site.

Figure 2.3 – Mount Iron Junction Site Relative to Three Parks Amenity and other Social Infrastructure



3 Housing Market Assessment

To determine the economic significance of the Project, it is important to understand the current and future housing market that the Project will contribute to (i.e. over and above zoned or consented residential development capacity in the Wānaka Ward). Comprehensive assessment of the housing market is a core function of Tier 1 and 2 local authorities under the NPS-UD[3] and so this section starts by drawing on QLDC's housing demand, supply and capacity publications, with a core focus on the Wānaka Ward results. This is supplemented by analysis of some recent housing market indicators.

3.1 Housing Demand and Capacity Assessment 2021

At the time of preparing this assessment, the QLD HDCA published in 2021 was the most current report that met the requirements of the NPS-UD.[4] The HDCA 2021 provided a comprehensive assessment of the district's housing market, demand, supply, capacity and urban sufficiency. It included discussion on housing affordability and the impact of planning and infrastructure on the housing market. That assessment is summarised in this section.

The HDCA 2025 was published only recently, and after this report was extensively drafted. Savvy has taken the approach of updating this report to include a separate discussion of the latest HDCA 2025, focussing on key changes since the publication of the HDCA 2021. The HDCA 2025 is covered in Section 3.4.

3.1.1 Housing Demand in the District and Wānaka Ward

The HDCA 2021 has a 2020 base year, with a medium term horizon of 2030 and a long term horizon of 2050. The QLDC commissions growth projections on average every 2 years. This frequency has been critical given such strong growth in the district, with actual growth typically exceeding projected growth. The HDCA 2021 was based on the 2020 Council projections (adopting a high growth scenario as the preferred outlook).

The key driver of housing demand in QLD is the number of resident households, with demand for holiday homes and residential visitor accommodation additional to that (and a relatively more substantial driver of demand than in other parts of the country). The following is focussed mainly on resident housing demand.

[3] See for example Section 3.23 of the NPS-UD – Analysis of housing market and impact of planning.

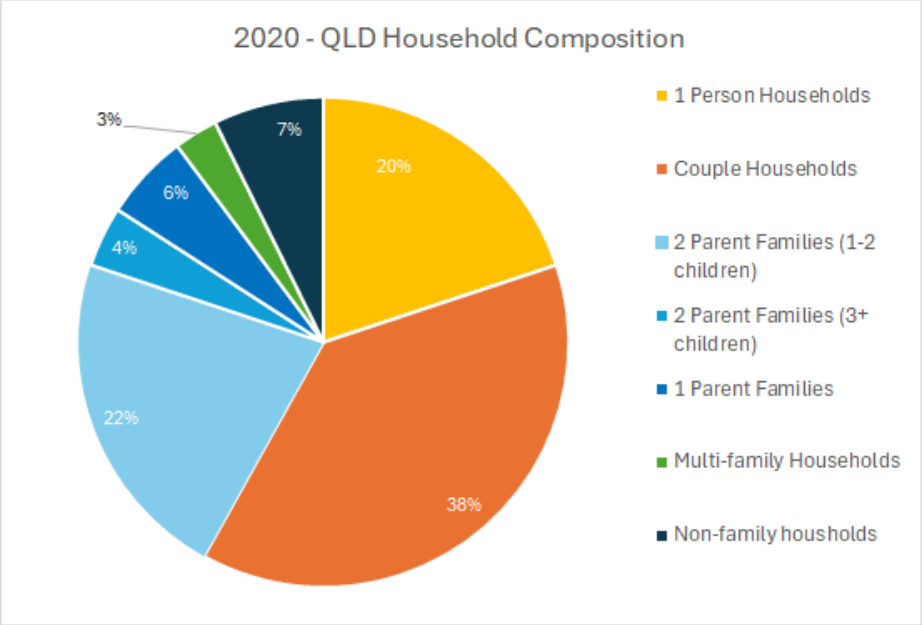
[4] The next update of the HDCA is being progressed but has yet to be published by Council.

The socio-demographic characteristics of resident households are important influences on the nature of housing demand, and the affordability of housing in the district. For example:

- Household type, especially as between one-person and couple households, and family households;
- household age, since stage in the life cycle is the other key driver of housing need;
- household ethnicity can influence housing preferences; and
- household income from all sources as the main influence on ability to pay for housing, and therefore housing affordability.[5]

In 2020, it was estimated that across the district, couple households accounted for largest type of resident households in the district (38%), followed by 2 parent families with 1-2 children (22%) and one person households (20%). Other household types made up the remaining 20%, including 1 parent families at just under 6% and non-family households (mixed group flats) of just over 7% (Figure 3.1).

Figure 3.1 – Estimated Household Mix in Queenstown Lakes District in 2020



This household composition shows that just over half of current housing need (although not necessarily housing preference) is strongly oriented to smaller dwellings suitable for singles and couples.

[5] HDCA 2021, M.E, page 35.

When combined with household age (of oldest member), residents aged 65 years or older accounted for 36% of one person households, 55% were aged between 30 and 65 years, and the rest (9%) were aged under 30 years. While couple households were dominated by those aged 30-64 years, under 30s made up a moderate share (14%), and those aged 65+ years accounted for 29% of couple households. Overall, households aged 65+ accounted for 19% of all households signalling moderately strong demand for smaller, low-maintenance dwellings or retirement units. With 81% of households likely to contain labour force participants, there is a strong driver for housing to be as close as practicable to places of concentrated employment.

In that same year (2020), 20% of all district households had incomes of less than $50,000 (from all sources) - a lower share than the national pattern but driven (in terms of younger households) by the tourism and hospitality based economy which supports large numbers of lower paid jobs in the district. Other household types in the lower income bands in the district include 1 person households (many of them retired persons) and single parent families, both of which fall into the relatively vulnerable categories for housing affordability for non-owner households.

At the other end of the spectrum, just over a third of households have incomes of $120,000 or higher. This is significantly higher than at the national level and is reflective of the district attracting highly skilled professionals, business owners/entrepreneurs and those with secondary sources of income (investments and dividends). The largest share of households lies in the mid-income bands between $50,000 and $120,000 per year.[6]

At a district level, the largest projected growth in households is for couple households (123% or an additional 7,730 couple households projected by 2050), followed by one person households (growth of 127% or 4,150 additional single person households by 2050). In that same long term period, small families (1-2 children) were projected to increase by 2,440 (68%) and non-family households (flats) by an additional 720 households (61%). These household type projections mean that future demand for housing will be increasingly oriented toward smaller dwellings suitable for couples and singles, including more low maintenance dwellings or retirement units to meet the needs of the ageing population.

In terms of dwelling supply in 2020, district wide, it was estimated that 83% of dwellings were standalone and 17% were attached housing. At the outset, this already suggests some misalignment with the 2020 household structure, and the need for significant changes in the

[6] HDCA 2021, M.E, page 35.

housing estate in order to increase the number of smaller and/or attached housing to better meet the needs of the future resident population.

An estimated 64% of total dwellings in 2020 were estimated to be owned (with or without a mortgage) and 36% were rented. While standalone homes dominate both owned and rented dwellings (as they made up most of supply in 2020), attached dwellings were more likely (58%) to be rented by their occupants than owned, while standalone homes were more likely (69%) to be owned by their occupants than rented.

The HDCA 2021 also showed "*a strong correlation between household income and tenure, and household income and type. This implies that higher income people 'prefer' to purchase standalone houses than rent attached ones. It also highlights that lower income people 'prefer' (or have a higher incidence of) choosing to live in rented and or attached housing. These patterns are not entirely surprising given the strong correlation between type, tenure and cost, with owning (particularly the saving of a deposit in addition to paying rent) being more expensive than renting, and attached dwellings generally being less expensive (at least on a weekly-outgoings basis) to buy (or rent) than detached dwellings*".[7] This correlation highlights the growing importance of attached housing supply in the district in order to meet expected rental and lower income housing demand in future.

To meet demand from resident households, dwelling growth across the district was projected in the HDCA 2021 at:

- 4,740 additional dwellings required between 2020 and 2030 (the medium term) with 41% of that growth expected to be attached housing (duplexes, terraces, and apartments), and
- 7,505 additional dwellings required between 2020 and 2050 (the long term) with 46% of that growth expected to be attached housing.

These projected shifts in resident housing demand indicated that attached housing would (if delivered) increase from just 17% of the district housing estate in 2020, to 23% in 2030 and 32% in 2050. These growth projections do not account for projected growth in usually unoccupied dwellings (i.e. holiday homes or dwellings used for residential visitor accommodation).

The HDCA 2021 provided projections of total dwellings (resident and non-resident demand) at the ward level, and for locations within each ward.[8] The Wānaka Ward was estimated to

[7] HCDA 2021, M.E, page 45.

[8] The HDCA took the approach where each ward/location captures a share of growth pro-rata their 2020 distribution of dwellings.

have 8,423 total dwellings in 2020, with 86% in the urban environment (7,242 dwellings),[9] of which 86% were standalone dwellings and 14% were attached dwellings – lower than the district average supply of 17% attached).

By 2030, total dwelling demand in the Wānaka Ward was projected to increase by 2,130 (25%). By 2050, the total increase in dwellings was projected to be 6,780 (80% growth above 2020). This growth will require an ongoing supply of housing development capacity, including zoned greenfield land, to meet projected demand. Of the projected dwelling demand in the urban parts of the Wānaka Ward, 41% of new dwellings added to the housing estate by 2030 and 46% of total new dwellings by 2050 would need to be attached housing to meet the changing housing needs of the community. This would result in a projected shift in the total Ward urban housing estate from just 14% attached in 2020 to 29% attached in 2050.

The HDCA 2021 made the following conclusions on resident housing demand over the medium and long term. "*While there will be important shifts in the structure of housing demand, the increase in the size of demand is probably the most important change. Every segment of the housing market will be larger in the medium and long terms than it is currently. There will be more households in every segment who will require housing. There is limited change expected in the overall structure of the market in terms of household incomes. In the long term, lower and lower-middle income households (under $50,000) are expected to account for 25% of the total, compared with 20% currently. Households earning more than $50,000 would still be in the majority (76%), compared with 80% in 2020. Households earning more than $100,000 would be around 45%, compared with nearly 50% now. These long term shifts are important, though not huge*".[10]

3.1.2 Housing Supply in the District

Future demand for housing (discussed above) reflects a continuation of recent trends in housing demand and housing supply (with housing supply playing a role in influencing local housing preferences over time).[11] There have been incremental changes in annual housing supply by type, which will need to continue (at an increasing rate) in the future if housing needs are to be met. The HDCA 2021 provides useful analysis of recent changes in housing supply at the district level, highlighting that the housing market (shaped by a combination of

[9] The Wānaka Ward urban environment includes the UGBs of Wānaka/Albert Town and Hawea, as well as Luggate and Cardrona.

[10] HDCA 2021, M.E, page 55.

[11] For example, the more attached housing types that are supplied, the more households can contemplate attached housing as a choice of housing. Housing supply can therefore help influence housing preferences.

local demand and capacity drivers and external (macro) economic conditions) has been slowly changing.

Figure 3.2 below shows the distribution of dwelling consents in the district between 1996 and 2020 by type and Figure 3.3 shows the distribution of dwelling consents between 2000 and 2020 by dwelling unit size. Attached housing is represented by 'apartments' and 'town houses, flats and units'. This includes duplexes and terraced housing. 'Houses' refers to standalone dwellings and while 'retirement village' units are commonly classified at attached (or multi-unit) housing, they may be standalone or attached housing typologies. The majority of attached housing has been supplied in the last five years of the dataset (2016-2020), although weighted to the Queenstown Ward based on findings discussed above.

Figure 3.2 – Total QLD Dwelling Consents by Type 1996-2020

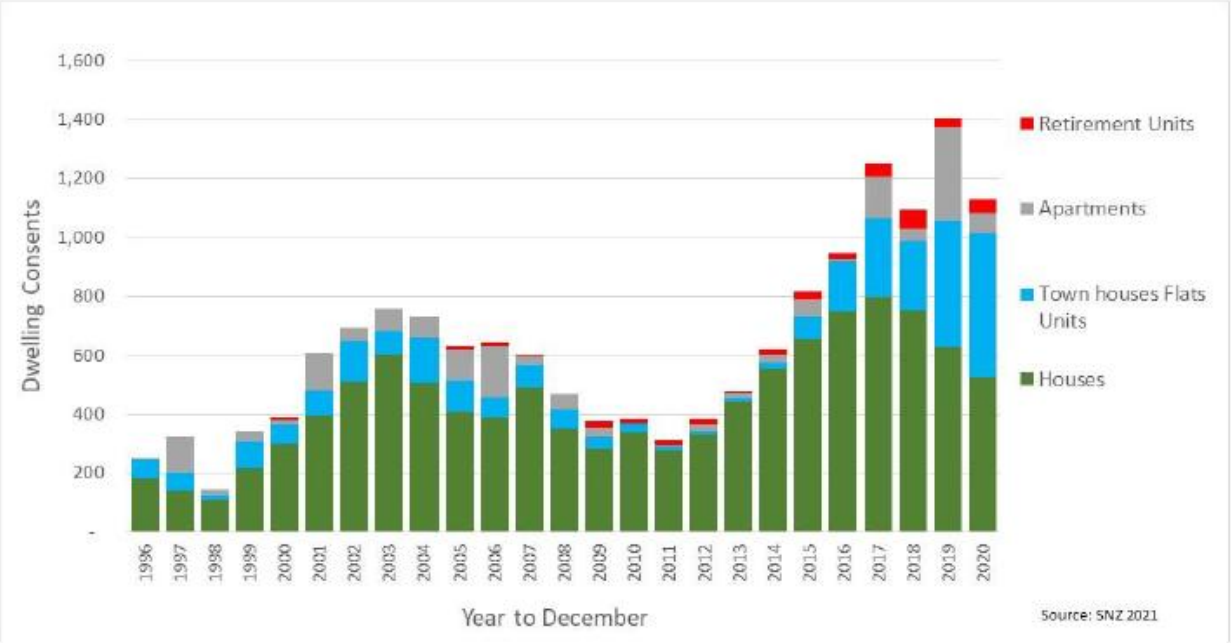
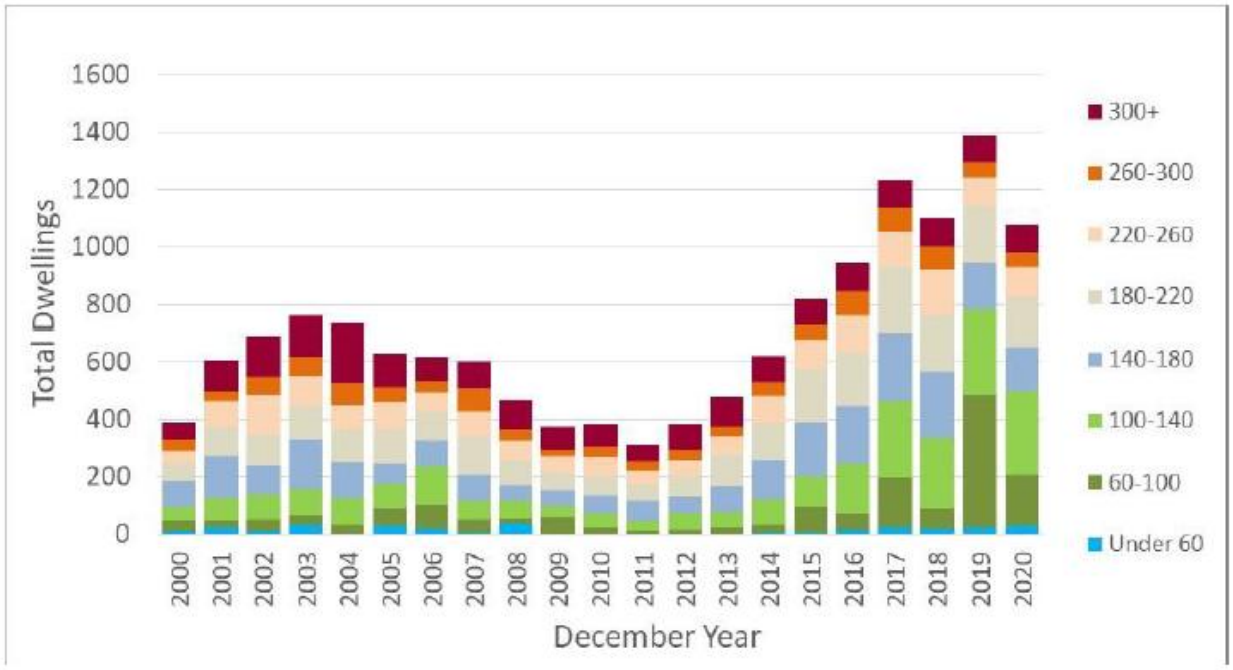


Figure 3.3 – Total QLD Dwelling Consents by Size (sqm) 2000-2020



M.E stated that "*the increases in housing prices have seen some effort to make new dwellings more affordable by construction of medium-sized and smaller dwellings. However, since 2016 there has been a decrease in the numbers of houses in the smaller size ranges, but some shift toward apartments and town and terrace houses. This has seen more dwellings in the middle and smaller dwelling sizes, notably the 60-100sqm, 100- 140sqm and 140-180sqm bands, with the average consent size as a result, some 17% smaller by 2020 (-35m2) compared with 2016. The shift toward more smaller dwellings has been in attached dwellings. Detached houses showed no discernible change in size over the last 5 years. However, their share has dropped substantially from 79% of consents in 2016 to 47% by 2020*".[12]

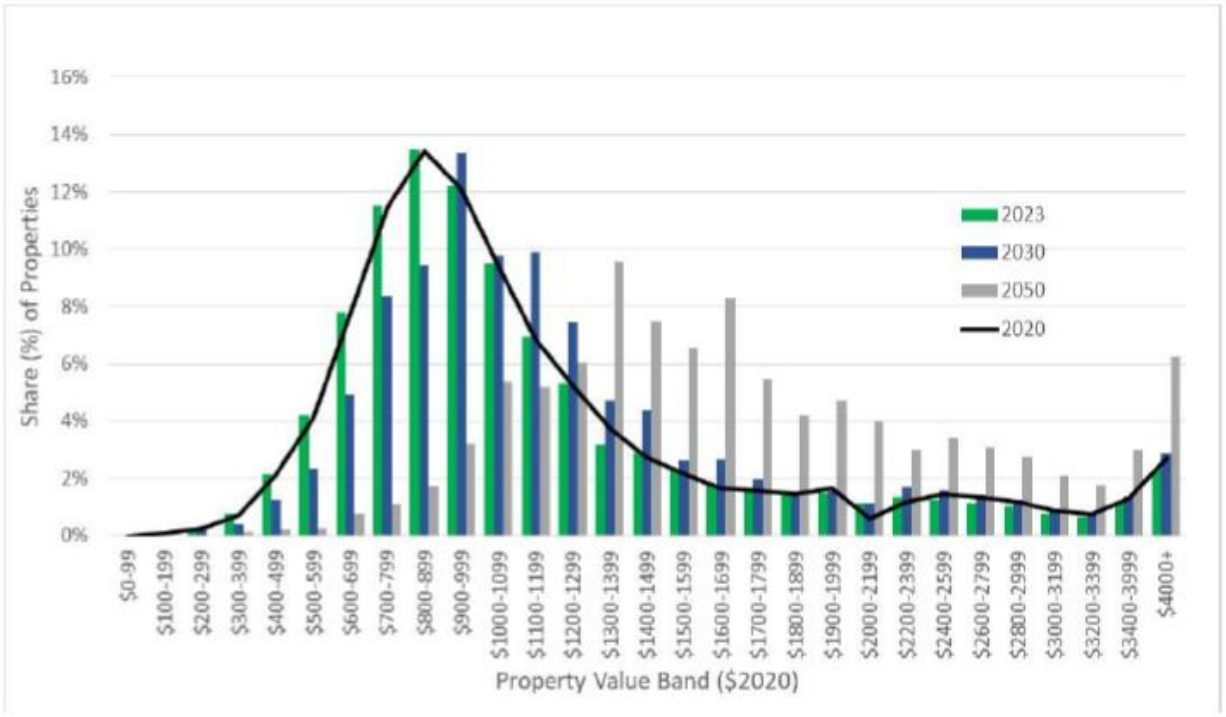
The shift to smaller, more compact and attached housing has had a direct impact on the value of dwelling construction leading up to 2020 with a greater share of dwellings being delivered in lower cost brackets than previously. Some of the cheapest dwelling construction costs (per unit) were in the apartment and town house/unit/flat typologies. This trend still holds true when the total housing value (including land value and other sale costs in addition to dwelling construction costs) are accounted for.

This is important as land values are increasing faster than the value of improvements and depreciation in the district. This means that under a business as usual projection, the existing housing estate in QLD in 2020 (still heavily oriented to standalone dwellings) will continue to

[12] HDCA 2021, M.E, page 72.

shift more and more into higher value bands over the medium and long term. This is shown in Figure 3.4 below.

Figure 3.4 – Changes in District Property Values 2020-2050 – Existing (2020) Dwelling Estate



M.E estimated that the 2020 housing estate will make up 80% of housing stock in the district by 2030 and 56% of housing stock by 2050, with new supply making up the balance. As land values drive up the total value of these existing dwellings (Figure 3.4), it has important implications for future housing affordability, particularly with a greater share of future households expected in the lower income range. **It is therefore critical for the new dwelling stock in the district (i.e. new houses developed after 2020) to focus on smaller, more cost effective dwellings to help mitigate housing price rises.** While smaller and more attached housing might have a lower initial value, they too are expected to appreciate over time (driven by projected land value growth but at a slower rate of increase to the current estate) as shown in Figure 3.5.

Figure 3.5 - Changes in District Property Values 2020-2050 – New Additions to the Dwelling Estate

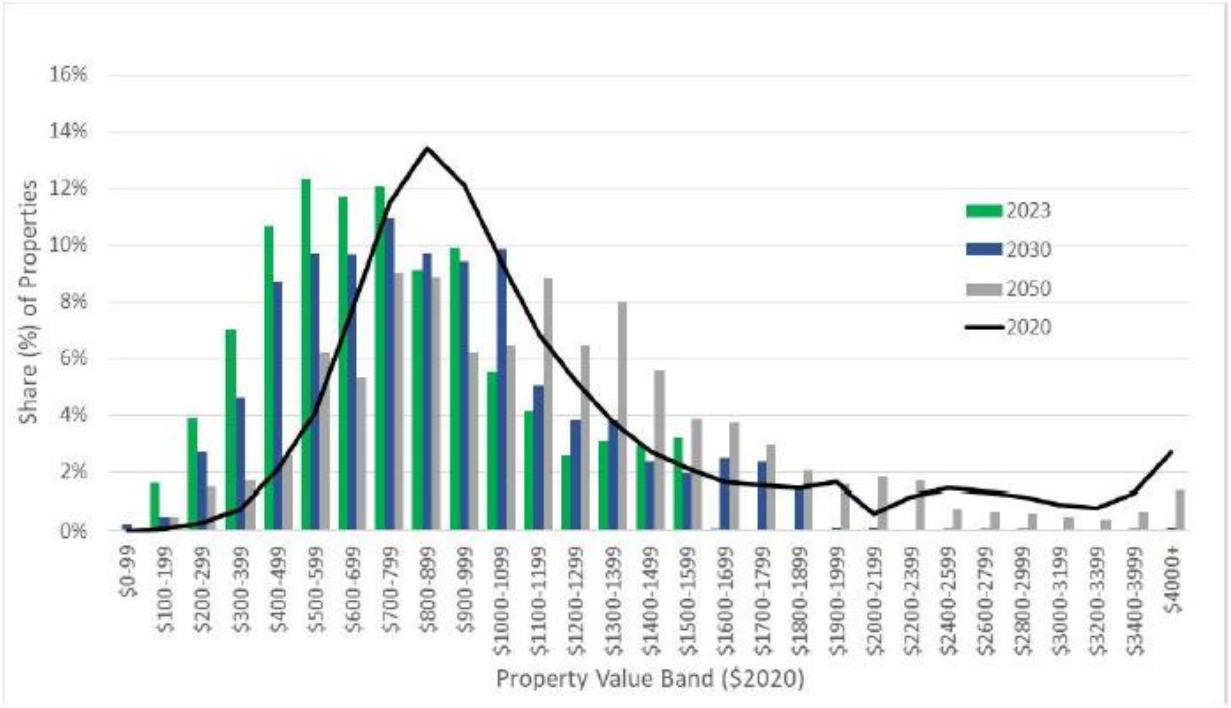
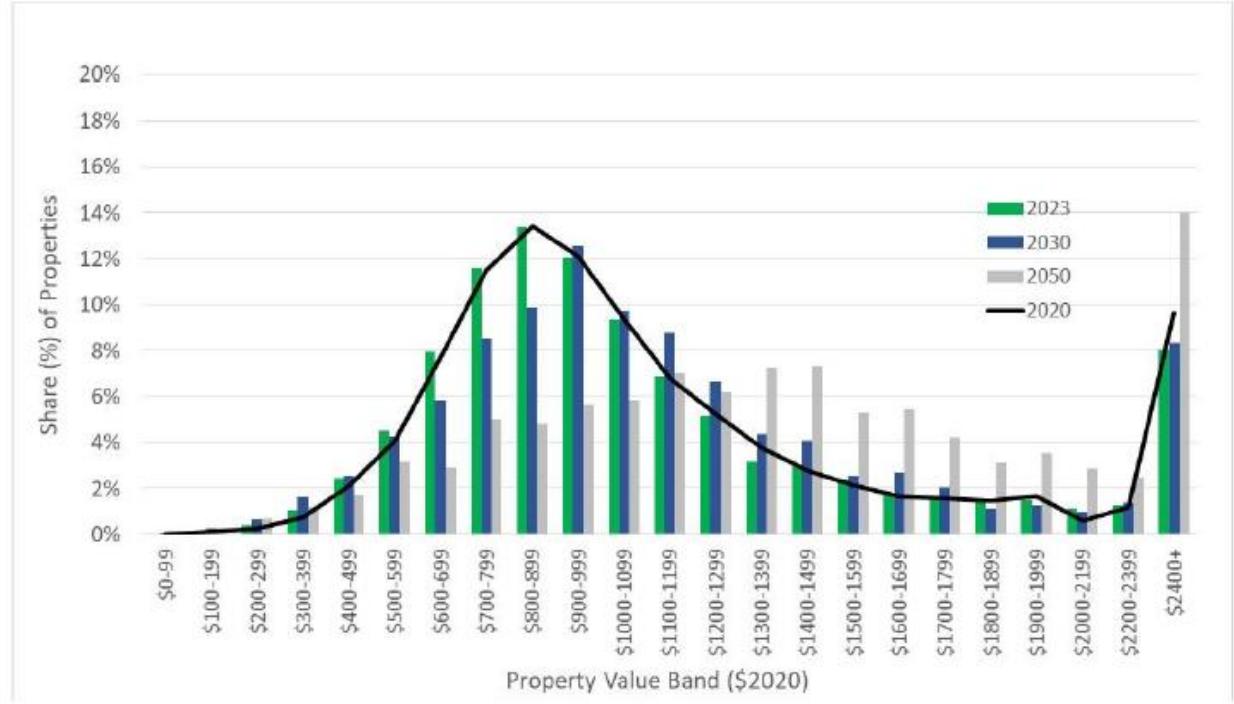


Figure 3.6 combines the 2020 dwelling estate with projected demand/supply of new housing in the district, showing a projected snapshot of the future housing estate by value band in 2023, 2030 and 2050. Even with the expected additions to the housing estate split more evenly between standalone and attached housing going forward (and the attached housing component able to supply more houses in lower value bands), this will have only a marginal effect on the number of total dwellings available in lower value bands in the short term, and by the medium term and long term, all dwellings will be relatively more expensive.

If household incomes do not match these projected price shifts, the housing affordability in the district will continue to decline. **Increasing the supply of medium and high density housing (i.e. attached housing) is therefore critical to improving housing affordability in QLD (or at least slowing the rate of increasing unaffordability).**

Figure 3.6 - Changes in District Property Values 2020-2050 – Total Existing and New Dwelling Estate



3.1.3 Housing Capacity and Sufficiency in the Wānaka Ward

Urban zoning informs plan enabled housing capacity in the short, medium and long term. The HDCA 2021 was based on combination of Operative District Plan ("ODP") and Proposed District Plan ("PDP") zoning that applied in 2020 for the short, medium and long term. Long term indicative greenfield expansion areas identified in the Council's 2021 Spatial Plan were also included in long term housing capacity.

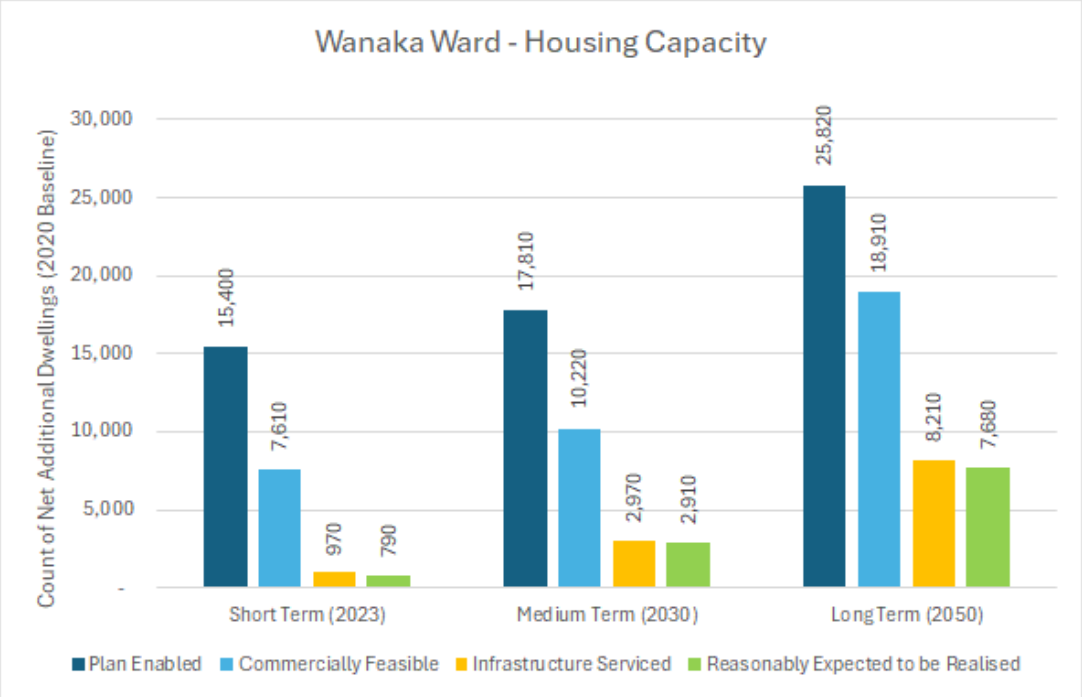
In 2020, housing capacity is provided in a range of zones. These included the High Density Residential Zone ("HDRZ") (a 450m² minimum lot size with allowance for multi-unit development); the Medium Density Residential Zone ("MDRZ") (a 250m² minimum lot size, anticipating town-house/terrace and duplex type development); the Lower Density Suburban Residential Zone ("LDSRZ") (a 450m² minimum lot size where stand-alone residences are more typical with some allowances for residential flats); and the Large Lot Residential Zone ("LLRZ") (a 2,000m² or 4,000m² minimum lot size acting as a buffer between the urban environments and rural zones). Apartment dwellings were also enabled in commercial centre zones and the BMUZ.

Zoning has been subject to change since the HDCA 2021 and this is discussed in more detail below. As such, housing capacity and sufficiency (relative to housing demand projected at the time and discussed above), is discussed only briefly.

Figure 3.7 summarises the capacity modelling for the total Wānaka Ward (noting that the Wānaka-Albert Town UGB dominates total ward capacity). Four types of capacity are shown:

- Starting with the maximum development opportunity delivered by the planning provisions of the day. This is referred to as plan enabled capacity.
- This is then reduced to what was estimated to be commercially feasible for profit-driven developers to deliver based (conservatively) on 2020 costs and dwelling prices.[13]
- This is then significantly reduced to dwelling capacity that can be serviced by development infrastructure (including roading infrastructure) in the Wānaka Ward (as funded or signalled by Council).
- The final capacity metric is what was estimated to be Reasonably Expected to be Realised ("RER"). This considers what plan enabled, feasible and infrastructure ready capacity is most likely to be delivered by the market, taking account of recent supply trends by type and location as well as input from land developers on greenfield development rates.

Figure 3.7 – HDCA 2021 Wānaka Ward Housing Capacity Assessment



[13] If prices were instead to gradually increase, then greater shares of the plan enabled capacity, particularly within the existing urban area, would become commercially feasible development options through time.

While not shown in Figure 3.7, the capacity analysis is broken down by attached and standalone dwelling types. Where residential enabled zones (and parcels within those zones) could provide for a range of net additional dwelling types (i.e. standalone, duplex/terrace or apartment, whether through greenfield/vacant sites, infill or redevelopment), the model takes into account the development outcome that delivers the highest profit.

For an HDCA, it is only RER capacity that is compared against dwelling demand (inclusive of a competitiveness margin)[14] to understand if the District Plan and Spatial Plan provided at least sufficient capacity to meet expected demand for housing in the short, medium and long term. As there is churn between the existing housing estate (in 2020) and newly built dwellings that take up development capacity, sufficiency is best assessed according to the total housing estate (demand and capacity) at each time period. Table 3.1 provides a summary of results from the HDCA 2021 for the total Wānaka Ward.

Table 3.1 – HDCA 2021 Wānaka Ward Housing Sufficiency by Dwelling Type 2020-2050

	Short Term (2023)	Medium Term (2030)	Long Term (2050)	Short Term (2023)	Medium Term (2030)	Long Term (2050)	Short Term (2023)	Medium Term (2030)	Long Term (2050)
	Standalone Dwellings			**Attached Dwellings**			**Total Dwellings**		
Existing Dwelling Estate (2020)	6253			999			7242		
Reasonably Expected to be Realised Capacity*	6,900	8,400	12,000	1,200	1,800	3,000	8,000	10,100	14,900
Total Housing Demand*	6,445	7,468	9,746	1,106	1,833	4,033	7,551	9,300	13,799
Total Demand (Incl. Comp. Margin)*	6,500	7,700	10,300	1,100	2,000	4,500	7,600	9,700	14,900
Total Housing Sufficiency	380	650	1,600	40	- 210	- 1,600	420	440	60

** Source: QLD HDCA 2021, M.E. Includes rounded valued. Sufficiency based on unrounded values, then rounded. * Includes existing dwellings in 2020 plus net additional capacity or demand.*

Table 3.1 showed that through a combination of what the planning provisions and infrastructure planning enabled and what the profit-driven development market was likely to deliver within those constraints/opportunities, there was expected to be at least sufficient total housing capacity in the medium and long term in the Wānaka Ward urban environment to meet expected demand. However, this was made up of an expected shortfall of attached housing capacity to meet expected demand and a larger surplus of standalone housing capacity. By 2030, that shortfall of attached housing was estimated at 210 dwellings, increasing to 1,600 dwellings by 2050.

3.1.4 Impacts on Future Housing Affordability

Any shortfall in attached housing in the future will disproportionately impact the affordability of future housing for those resident households seeking rental properties

[14] The margin applies an additional 20% of demand growth in the short-medium term and an additional 15% of demand for growth occurring after the medium term (and in the long term). The competitiveness margin is not applied to the current (2020) demand for housing.

and/or on lower incomes (as standalone houses are – based on trends seen at the district level – more likely to be owner occupied dwellings in higher price brackets).

The HDCA 2021 provided a detailed analysis of current and future housing affordability at the district level (with district trends directly applicable to the Wānaka Ward).[15] The analysis focusses on demand by resident households that do not own a home, and what priced residential property they would be able to afford (finance) based on average household incomes of this housing demand segment (and allowing for household income change over time).[16]

At a high level, it was estimated that there was a supply shortfall of 2,350 dwellings in 2020 that would be affordable for would-be first home buyers. Based on the income profile of that potential buyer market relative to the profile of existing house values in 2020, the shortfall occurred in residential properties valued at less than $499,000. There was a surplus of residential properties to buy (if put on the market) for first home buyers with higher incomes (i.e. that could afford to purchase houses valued at $500,000 or more.

By 2030, M.E estimated that the shortfall of affordable houses for would-be first home buyers would have increased to 3,330 dwellings. As house prices are expected to grow faster than incomes, the shortfall of housing supply expanded to include dwellings valued up to $599,000. Again, the market is expected to supply a surplus of dwellings for first home buyers that can afford dwellings valued higher than that.

By 2050, M.E estimated that the shortfall of affordable houses for would-be first home buyers would have increased to 6,960 dwellings. The shortfall of housing supply expanded to include dwellings valued up to $1,199,000. Again, the market is expected to supply a surplus of dwellings for first home buyers that can afford dwellings valued higher than that.

The projected shortfall of RER attached housing in the medium and long term is directly influencing the above results. A key reason for the surpluses of higher value homes is that the housing market is building houses for existing home buyer demand (who have equity) and investor demand (including investors seeking residential visitor accommodation) – both of which can afford to buy more expensive houses that first home buyers. Another reason is that most commercial housing developers are profit driven, so are not necessarily looking to deliver relatively more affordable housing if given the choice. This is why Kainga Ora and

[15] Housing affordability in the Wānaka Ward is in fact likely to be worse than at the district level due to the lower supply of attached housing by 2020 relative to Queenstown Ward.

[16] Current (2020) and projected non homeowners in the district fall across a broad range of household income bands, not all of which are low-mid household incomes. The analysis assumes that these households have access to finance. Affordability of housing is measured according to the 'debt to income ratio' and not the dwelling price to income ratio. Further discussion is provided in the HDCA 2021, page 91.

community housing providers like the Queenstown Lakes Community Housing Trust ("QLCHT") who are not profit-driven developers play an important role in providing affordable, as well as relatively more affordable housing.

3.1.5 Conclusions and Recommendations from the HDCA 2021

The assessment of capacity for new dwellings, and the commercial feasibility analysis indicates that at the total housing level, Council' planning framework can be expected to deliver enough feasible capacity to accommodate the needs of the QLD resident population over the long term (although not the price needs of some segments of the community). There is clear evidence that more attached housing is being consented and this trend is expected to continue, although is not evenly spread on the ground (with Wānaka Ward lagging behind Queenstown as at 2020).

On that basis, the current planning conditions are not expected by themselves to place upward pressure on housing prices in QLD. However, when other market/economic factors are included (outside the control of local authorities), then house prices are expected to continue to rise, and affordability for first-home buyers (and renters) is expected to decrease over time.

The HDCA 2021 concluded that increasing the opportunity for the market to deliver commercially feasible attached housing (which typically delivers dwellings in lower price bands), in locations that are highly accessible and not constrained by infrastructure, will be key for QLD going forward, not only to meet projected demand, but to help manage housing affordability for the most vulnerable segments of housing demand.

A recommendation of the HDCA 2021 was to pursue intensification of urban residential areas to enable and encourage more attached housing to be delivered.

3.2 Latest Housing Market Indicators

This section examines housing market indicators in the Wānaka Ward and wider district in the period between 2020 and 2025. It shows the direction of change that has occurred in the housing market since the HDCA 2021 detailed assessment. It is noted that there have been no substantial changes to the zoning framework (housing opportunity) during that period (other than the settlement of some PDP appeals that have resulted in some localised upzoning). The following housing market indicators are taken from the MHUD Urban Development and Housing Affordability dashboards.

3.2.1 Housing Market Indicators

To set the broader scene, Figure 3.8 shows QLD median house prices compared to Auckland, Greater Wellington and Greater Christchurch. Auckland is the closest indicator of the national average.

In June 2020, the median sales price in QLD was higher than Auckland's by 8% at $973,000. However, by December 2024, QLD median house prices had increased to 40% above Auckland's to reach $1.33m (a net increase of $359,383). Figure 3.8 highlights that the QLD housing market does not always operate in the same way as the housing market in much of the rest of New Zealand. It is less sensitive to some macro-economic drivers which saw house prices elsewhere fall across a number of quarters and then stabilise rather than recover. In QLD, house prices continued to rise when prices were falling elsewhere, and when they did decline, it was for a shorter period and followed by a return to strong growth. QLD median house prices are expected to be the highest in the country.

Figure 3.8 – 12 Month Rolling Median Dwelling Sales Price (Actual Prices) – QLD Comparison

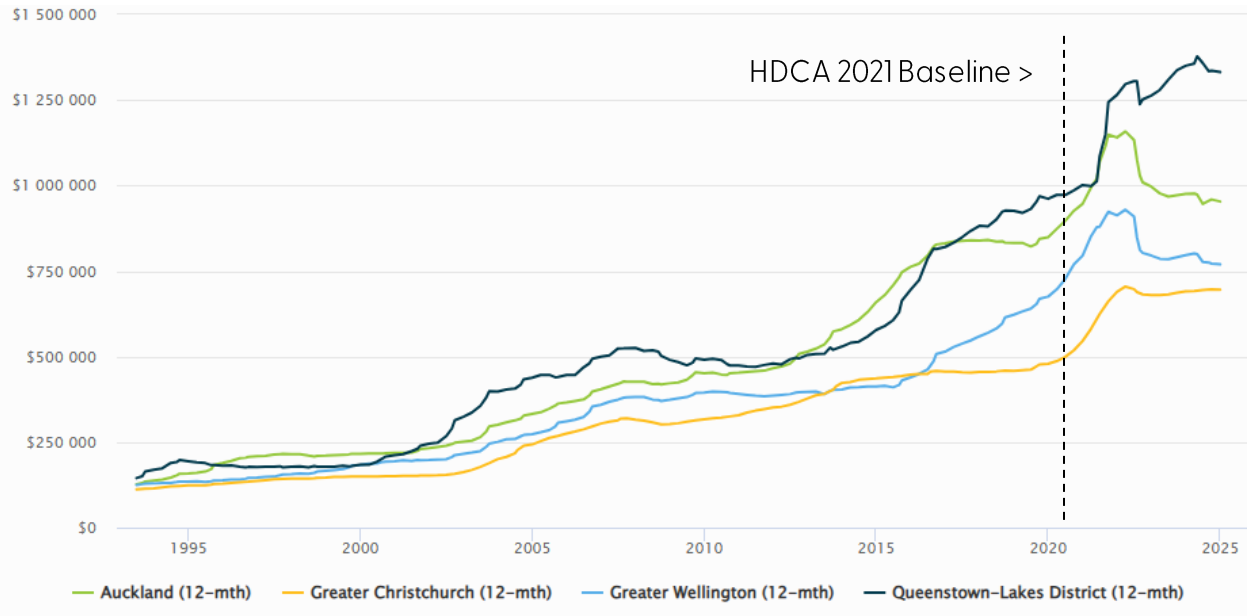
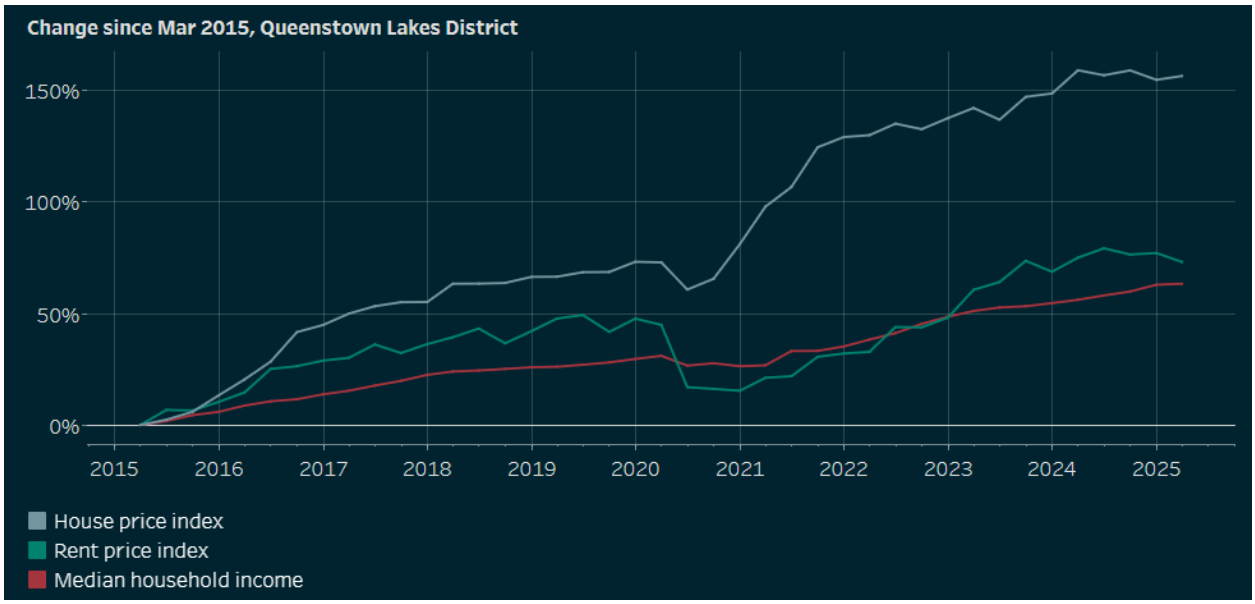


Figure 3.9 compares that high growth in median house prices in QLD against the growth in median household incomes since March 2015. This index shows by March 2025, house prices have grown by 150% since 2015, while median incomes have grown by around 60%. These two metrics continue to diverge meaning worsening housing affordability. As at March 2025, QLD

had the second highest ratio of median house sale value to median income in the country (needing 11 median incomes to afford the median house price).[17]

Figure 3.9 – QLD House and Rental Price Index Relative to Median Household Incomes (2015-2025)



Similar trends are evident for the rental market in QLD. Figure 3.10 shows changes in rental prices since March 2015 for QLD, total Otago Region and total New Zealand. Key findings are that rental prices in QLD have grown stronger than the national average. Rental prices in QLD dropped substantially as a result of Covid-19's border closures and the associated impacts on international travel. This is because tourism supports a large tourism and hospitality workforce in the district, which contracted during Covid-19 and lowered demand for rental properties. This impact is not evident at the national level. That said, rental prices recovered commensurate with tourism recovery in the district and are now around 70% higher than they were in 2015.

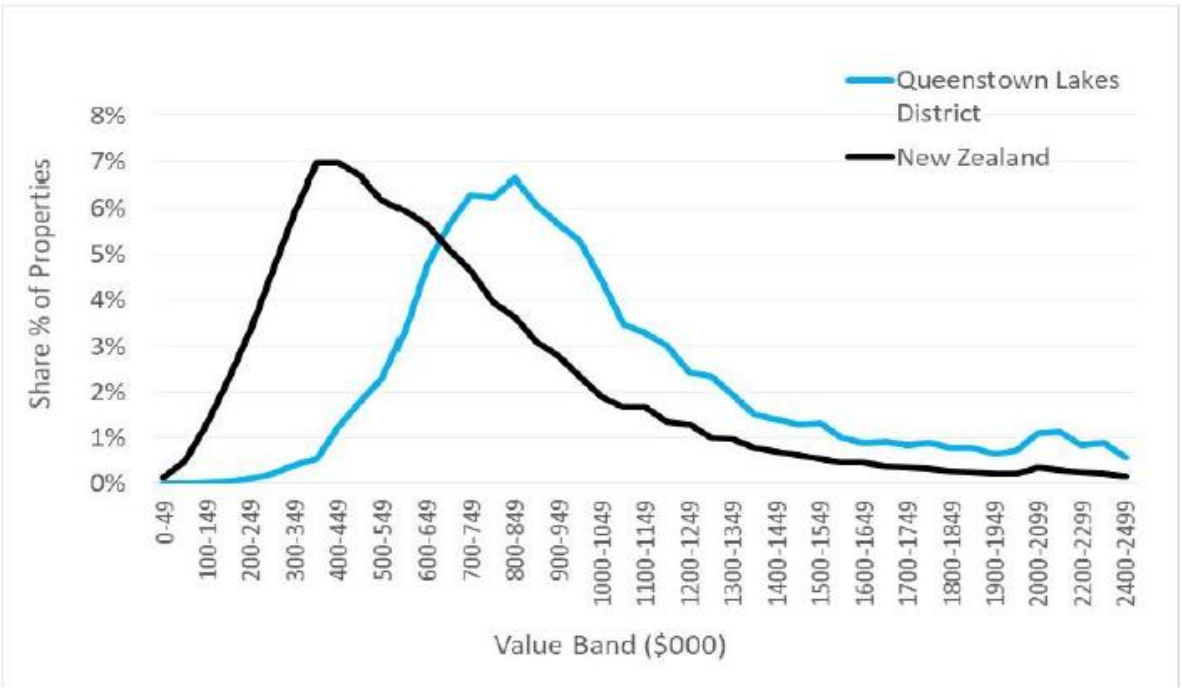
Overall, notwithstanding the temporary effect of Covid-19, rental affordability is well below the national average and has continued to decline (although with a slight (6%) improvement in rental affordability in the 12 months ending March 2025). Conversely, rental affordability has been gradually improving in the rest of the country since 2020. Like the house price index, the rental price index shows that rent prices are growing faster than median household incomes in QLD (Figure 3.9).

[17] The highest ratio was in Coromandel District which has a strong secondary house market (holiday homes) and a small resident population and relatively small economy outside of the tourism sector.

Figure 3.10 – Rental Market Indicators 2015-2025 in QLD, Otago and New Zealand

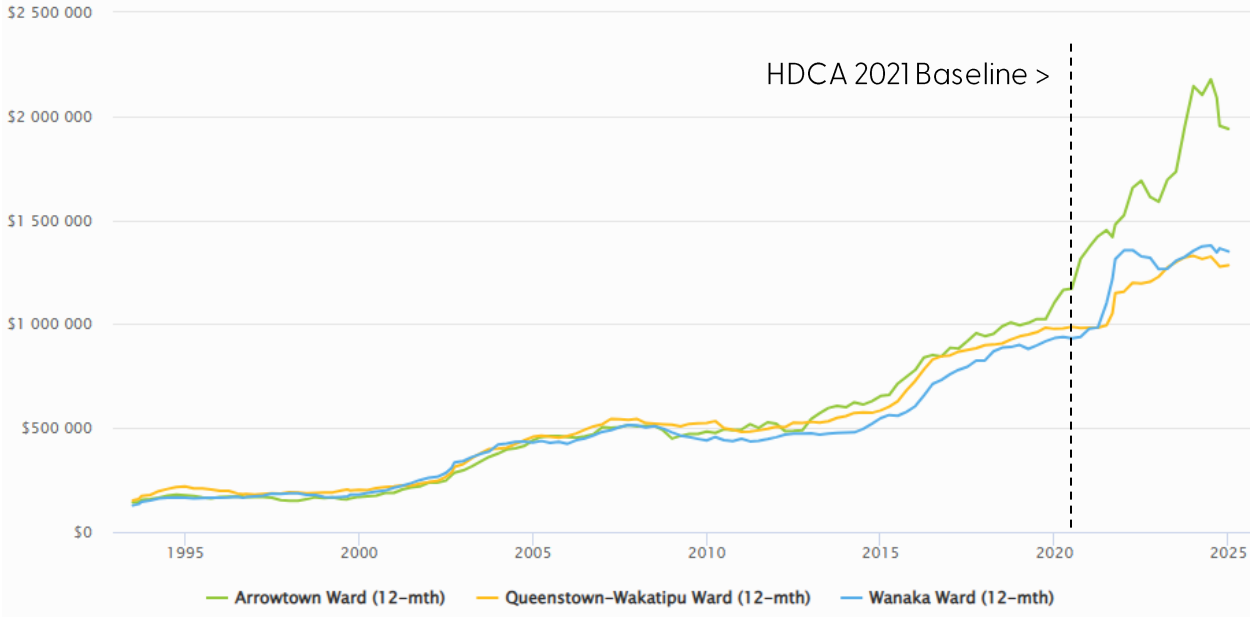
Figure 3.11 provides further detail on the distribution of QLD house prices in June 2020 compared with the national distribution in that same year, taken from the HDCA 2021 report. QLD lacks dwelling stock in those lower and relatively more affordable price bands and has a greater share of dwellings in the upper price bands. Based on Figure 3.8 above, this graph would look very different today, with the QLD housing price profile likely sitting considerably more to the right of the national average, with an even greater share of the housing stock in the higher price bands.

Figure 3.11 – Distribution of QLD Residential Property Values 2020 cp. Total New Zealand



The median house price in the Wānaka Ward has been even higher than in the large Queenstown-Wakatipu Ward since June 2021, although both wards have lower median house prices relative to the small Arrowtown Ward (Figure 3.12).[18] According to MHUD data, The median house price in the Wānaka Ward was $932,000 in June 2020 compared to $987,000 in the Queenstown-Wakatipu Ward. By December 2024, the Wānaka median house price had reached $1.35m compared to $1.28m in the Queenstown-Wakatipu Ward. In other words, Wānaka Ward had gone from a median house price that was 5% lower than in Queenstown-Wakatipu at the time of the HDCA 2021, to a median price that is now 5% higher. The net growth in the median house price in Wānaka Ward since June 2020 has been $417,000 (a 45% increase).

Figure 3.12 - 12 Month Rolling Median Dwelling Sales Price (Actual Prices) – QLD Ward Comparison



During that same period (since the HDCA 2021) average rent in the Wānaka Ward has increased from $536/week to $769 (growth of $233/week or 43%). Average weekly rent in the Wānaka Ward is now (December 2024) higher than in both the Queenstown-Wakatipu Ward and Arrowtown Ward.

[18] The MHUD dashboard uses older ward boundaries. In this instance, Arrowtown Ward is limited to the Arrowtown township.

Figure 3.13 – Land Value as a Percentage of Capital Value – QLD Ward Comparison

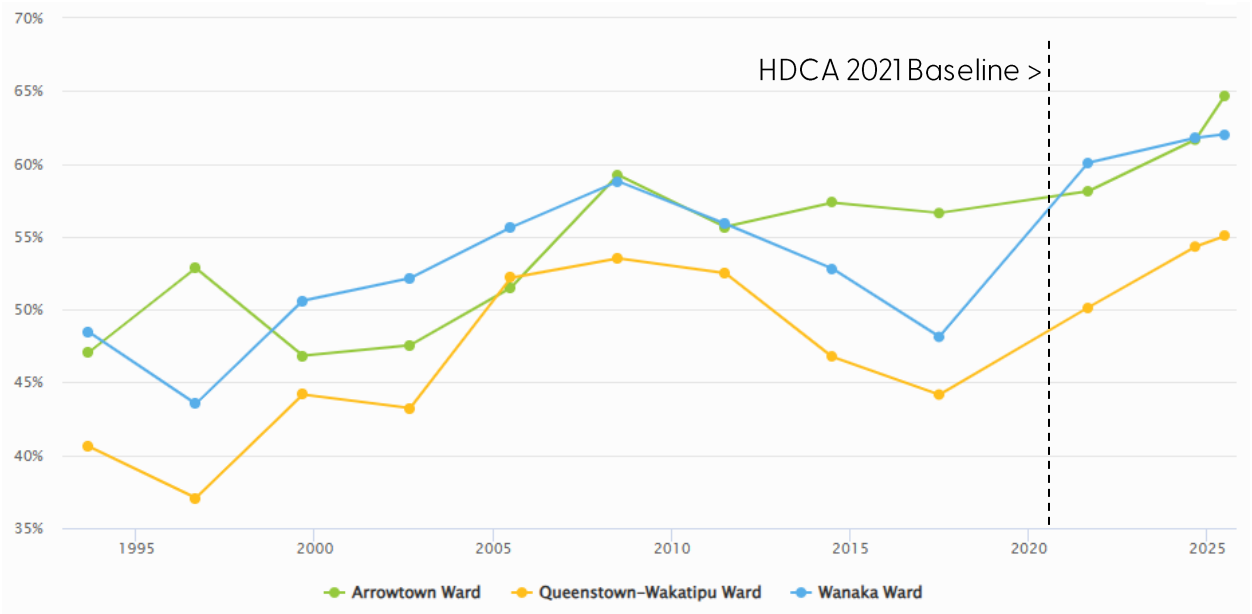


Figure 3.13 provides some insight on what is driving rapidly rising house prices in Wānaka Ward relative to the Queenstown-Wakatipu Ward. Average dwelling land values were very similar across all three wards of the district in 2021, but since then, residential land values in the Wānaka Ward (and Arrowtown Ward) have increased faster than in the Queenstown-Wakatipu Ward. Figure 3.13 shows the average share of house values that are accounted for by land prices at each valuation period. Land values account for over 60% of residential property values in the Wānaka Ward in June 2025.

These trends are likely driven by greater take up of medium and high density zoned residential land in Queenstown-Wakatipu relative to Wānaka Ward, which will be helping to mitigate price rises. As identified in the HDCA 2021, Wānaka Ward was lagging behind the rest of the district in terms of supply of attached housing (which occupies considerably smaller sections) in June 2020, and this is expected to have continued through to June 2025.

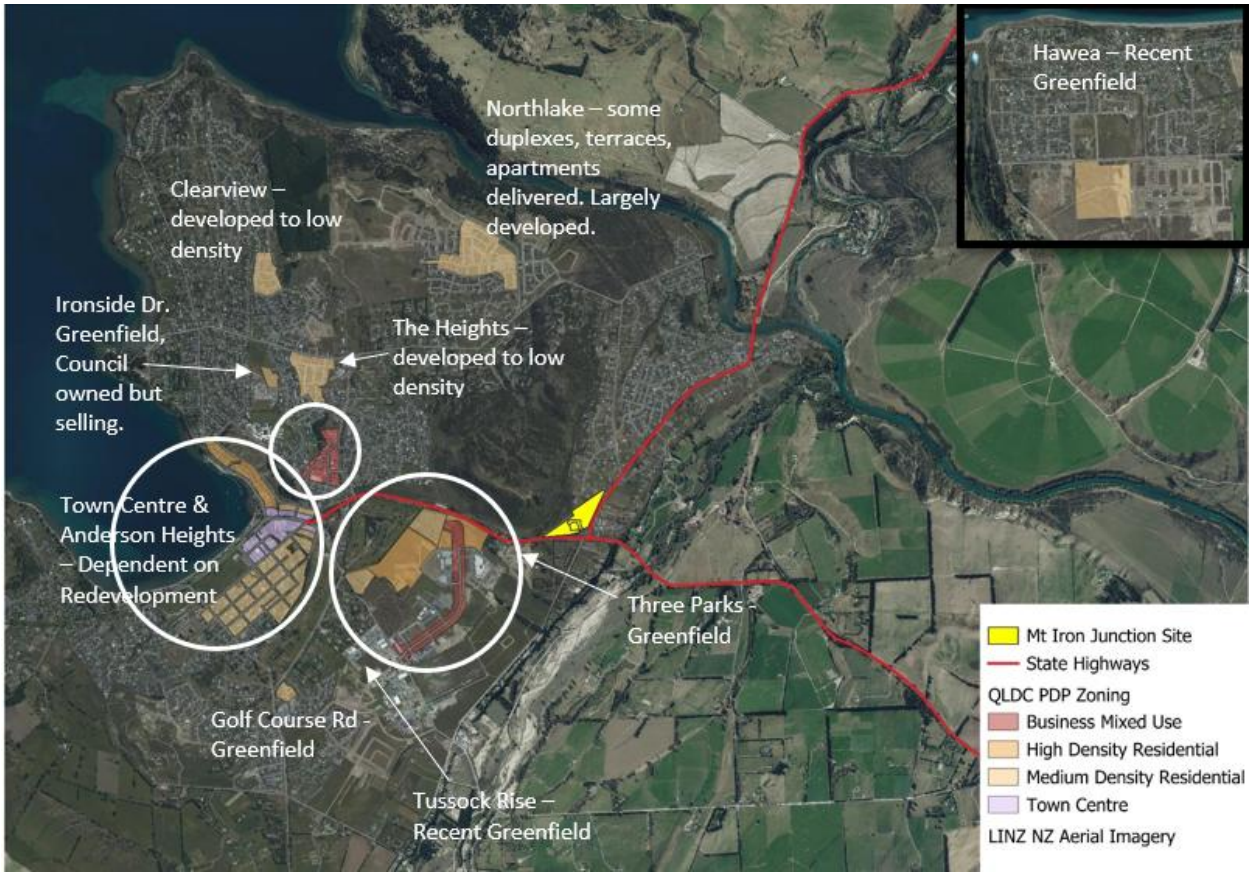
3.2.2 Zoned Opportunity for Attached Housing in Wānaka Ward

This trend is not due to an absence of zoned opportunity for attached housing in the Wānaka Ward. The operative MDRZ provides for duplexes and terraced houses/town houses and the operative HDRZ (and commercial centre and mixed use zones) provide for low or high rise apartments. All of these zones are present in the Wānaka Ward (albeit the area of MDRZ and HDRZ is comparatively smaller overall than in the Queenstown-Wakatipu Ward). Special Zones can also provide precincts targeted at attached housing.

Figure 3.14 shows the locations of operative zones that provide opportunities for attached housing in the Wānaka Ward. The greatest opportunity (in terms of scale) for attached

housing supply is on greenfield land in Three Parks, followed by Hawea (the latter being a relatively recent rezoning). Much of the Three Parks MDRZ and HDRZ has been land banked (or at least undeveloped) to date, with only one HDRZ site beginning development for a retirement village only recently. While development of the BMUZ in Three Parks is proceeding, to date there are no developments that have incorporated apartments in mixed use buildings.

Figure 3.14 – Location of Operative Medium and High Density Residential Zones, Wānaka Ward



Some of the MDRZ areas in Wānaka have been developed to lower density housing rather than medium density attached housing despite the zoning opportunity. The Northlake Special zone has delivered a handful of duplexes, four main clusters of terrace housing (half of which are in the high to luxury price brackets), and one area of apartments above ground floor commercial space. This zone has limited remaining capacity for new attached housing.

The MDRZ and HDRZ in the Wānaka town centre is an existing developed area that would require redevelopment of low density housing to supply additional attached housing. The HDRZ in this location has challenging ground water/natural spring constraints which significantly increases the cost of development. To date, apartments developed in this zone have been targeted at the premium market. The proximity of both the MDRZ and HDRZ near

the town centre to the lake has tended to make all new housing (attached or detached) in this location in the high-premium price brackets.

There are two other small greenfield areas that could supply some medium density (attached) housing, with one of these Council-owned and now on the market. A recent appeal has resulted in a small new area of BMUZ between the industrial and residential area being zoned.[19] This enables a mix of medium and high density housing. The area of MDRZ in Hawea (recently zoned) is constrained for development for a period of time to allow the Ministry of Education to decide if they want to use it for a new school site. Only if it is not required can the full site be utilised for medium density housing.[20]

Overall, while the operative zoning of MDRZ and HDRZ provides a relatively competitive attached housing market in theory, the reality is that the majority of the zoned opportunity sits with the owners in Three Parks, with the three other greenfield sites in the Wānaka urban area providing only minor competitive pressure (and may yet be land banked over the short-medium term). These market conditions may mean that supply of more attached housing - which is critical to supporting relatively more affordable dwelling prices and rental properties in the Wānaka Ward as house prices continue to escalate and housing affordability worsens - continues to lag behind the rest of the district. As signalled by the HDCA back in 2021, enabling more opportunities for medium and high density housing in the Wānaka Ward – spread over a greater number of greenfield sites – is likely to support a more competitive housing market and increase the rate of attached housing supply to meet expected demand over the short, medium and long term.

3.3 Urban Intensification Variation

The NPS-UD required Tier 2 local authorities such as QLD to implement Policy 5 - "*Enable building heights and density commensurate to the level of accessibility and relative demand*". Guidance material released by the Ministry for the Environment made the following key points on the need for, and benefits of, enabling more intensified housing outcomes:

- Greater intensification would mean urban areas have increased land-use flexibility and more competitive land markets – for both existing urban areas and greenfield developments.

[19] This is referred to as the Tussock Rise site.

[20] Any new housing connections to wastewater infrastructure are on hold in Hawea at present until infrastructure upgrades are complete. Growth in Hawea is severely constrained for the time being.

- The intensification policies will help to decouple land prices from housing costs by removing barriers to high-density developments and enabling more housing in areas where people want to live.
- This will mean more people can readily access housing in the places they want to live, and our communities will have more affordable housing and better access to jobs, amenities and services.
- Enabling intensification in areas with many employment opportunities, services and amenities will make it easier for people to live within walking and cycling distances of these destinations.

To meet the requirements of Policy 5, QLDC initiated the UIV. The UIV is a key mechanism for addressing some of the recommendations of the HDCA 2021 and helping to address some of district's current and projected housing issues that are within Council's control (including a shortfall of attached housing capacity[21] and to some extent, decreasing housing affordability).

The notified UIV makes the following changes to the PDP zoning that apply in the Wānaka Ward:

1. Increasing maximum building heights in most zones.
2. Removing the density standard in the MDRZ but retaining the 250sqm minimum lot size. When combined with height increases, a change enabled by the UIV is that low-rise apartment buildings are now enabled (anticipated) in the MDRZ. This may take the form of 'walk-up' apartments (i.e. apartment buildings that do not have lifts).
3. Increasing the minimum lot size of the HDRZ to encourage more comprehensive developments.
4. Increasing (through up zoning) the area where the MDRZ applies in Wānaka. This includes upzoning existing residential areas within walking distance of the BMUZ in Anderson Road and the Wānaka Town Centre and expanding the greenfield MDRZ that is in walking distance of the Three Parks town centre.

For clarity, the UIV did not apply to the Mt Iron Junction site, as this is currently zoned rural and was outside the scope of a variation focussed on the existing urban zoned environment. At the time of drafting this assessment, the decision on the UIV was still pending. While the final outcomes of the UIV on housing capacity are still uncertain at this stage, there is value in

[21] That is plan enabled, commercially feasible, infrastructure served and reasonable expected to be realised.

understanding what impact the UIV *may* have on Wānaka Ward's attached housing supply and sufficiency relative to projected demand. This is evident in the new HDCA.

3.4 Housing Demand and Capacity Assessment 2025

The HDCA 2025 was finalised at the end of September 2025 (and published by Council soon after). The HDCA has a base year of 2023, with a long term outlook to 2053 – so moves three years ahead of the HDCA 2021 and its 2020 base year. The way that housing demand, capacity, sufficiency and affordability has been 'reported' in the HDCA 2025 is similar to the HDCA 2021. However, there has been a shift in the approach of some aspects of the underlying demand and capacity modelling[22] which means that care is needed in making direct comparison with 2021 results.

The following is a summary of some key observations from the HDCA 2025, relative to the HDCA 2021:

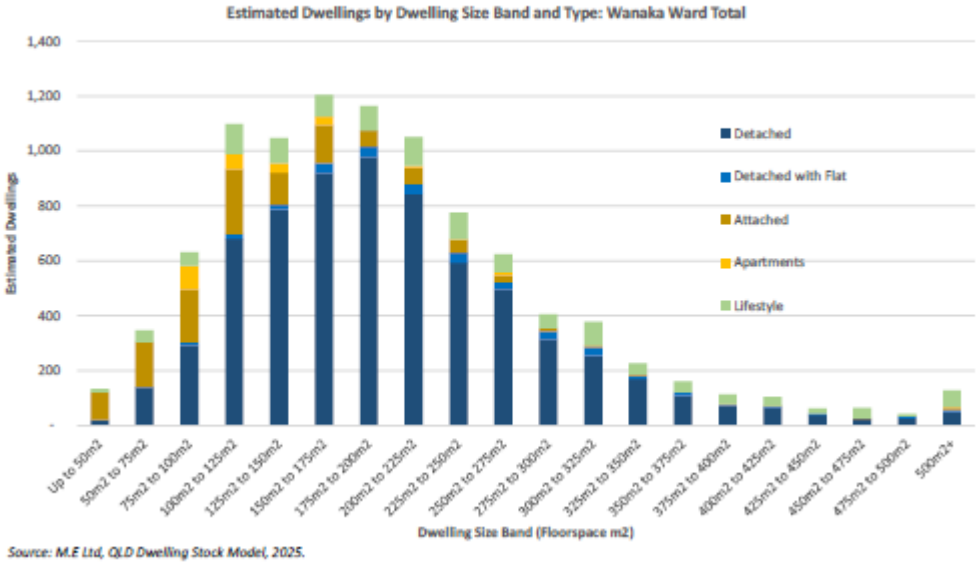
- As projected, the resident household structure of the district has changed only slightly since 2020. It is still dominated by couple and single households (56% combined in 2023 cp to 58% in 2020) meaning that there is still strong demand for housing that is smaller and more compact to match these current household needs.
- Compared to 2020 estimates, a lower share of resident households have incomes less than $50,000 per annum in 2023 (14% compared to 20%). While this is positive, housing affordability is still relative to changes in house prices during that period, which have increased strongly (discussed above). In absolute terms, the number of households with incomes less than $50,000 per annum has increased slightly (and is projected to increase by a further 520 households by 2053).
- There has been no change in the share of resident households owning or renting dwellings in the district between 2020 and 2023. A substantial 71% of attached housing is not owned by the occupying resident households (i.e. are rented), compared to 73% of standalone houses being owned). This reconfirms the importance of attached housing for rental stock, particularly for younger households.
- The share of resident households living in attached housing has increased from an estimated 17% to 21% at the district level on account of new housing supply increasingly attached in nature. As in 2020, this trend is not spread evenly across the district.

[22] Council commissioned their own modelling by a third party which as been 'written up' by Market Economics. For the HDCA 2021, Market Economics conducted the modelling and write up.

- Wānaka Ward continues to lag behind the Queenstown-Whakatipu Ward with respect to attached housing supply. The divergence between the wards has increased. Since the HDCA 2021, 26% of new dwellings consented in the Wānaka Ward have been attached (including retirement village units) compared 64% of new dwellings consented in the Queenstown-Whakatipu Ward in that same period. Combining existing and new dwellings in the Wānaka Ward, 14% of total dwellings are attached (no change between 2020 and 2024), compared to 33% attached in the rest of the district (a large shift).
- Attached dwellings continue to play a key role in providing lower value (more affordable) dwellings. At the district level, 60% of attached dwellings are in price bands up to $1m compared to just 7% of standalone (urban) dwellings falling within this price band. Overall, 76% of dwellings in the district that are priced up to $1m are attached dwellings. However, these dwellings make up only a small share of total dwelling stock.
- **As Wānaka Ward has supplied significantly fewer attached dwellings to date, the overall profile of the dwelling estate in the Wānaka Ward is more expensive (worsening housing affordability) relative to the district overall.** This is significant given that the district has the highest median house prices in the country.
- Further, there are relatively fewer small dwellings in the Wānaka Ward estate to meet particular housing needs. This is highlighted in Figure 3.15 (the dwelling size profile of total current dwellings in the Wānaka and Queenstown-Whakatipu Ward. **In short, there is a significant gap of small sized dwelling units in the Wānaka Ward housing market.** For context, the Project will deliver 250 attached dwellings in the 50-150m^2 size brackets.

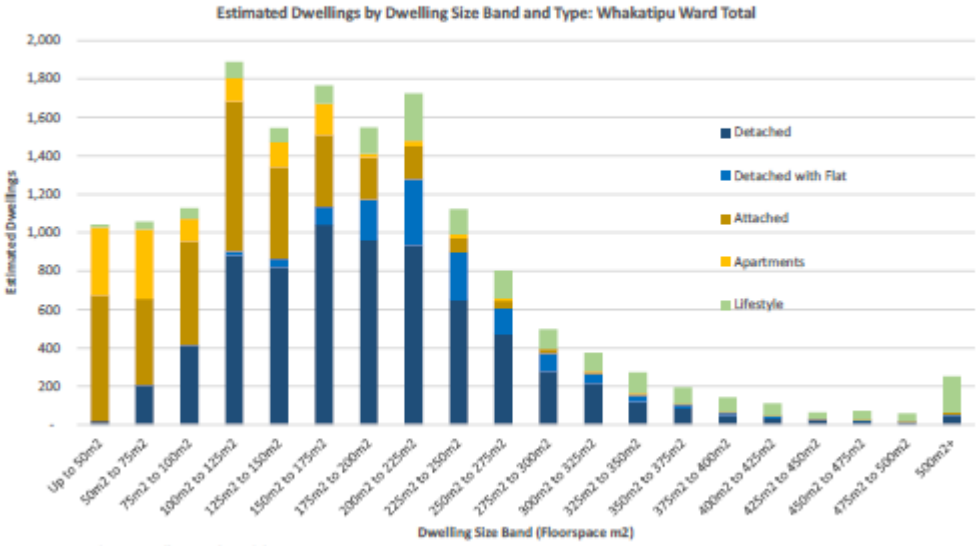
Figure 3.15 – Extract from the HDCA 2025 – Current Dwelling Size Profile by Ward

Figure 4-3 – Estimated Dwelling Size Band Profile for Wānaka Ward Current Dwelling Estate



Source: M.E Ltd, QLD Dwelling Stock Model, 2025.

Figure 4-4 - Estimated Dwelling Size Band Profile for Whakatipu Ward Current Dwelling Estate



Source: M.E Ltd, QLD Dwelling Stock Model, 2025.

3.4.1 Updated Housing Demand

The HDCA 2025 is based on new (2025) Council dwelling projections. Compared to the projections underpinning the HDCA 2021, the dwelling demand outlook is as follows:

- "*The QLDC projections apply a faster growth rate to the Wānaka Ward, particularly in the short to medium-term. Over the projection period, around 45% of the district's growth is projected to occur within the Wānaka Ward, which is larger than its current 38% share of dwelling demand. As result, the Wānaka Ward's share of the district's*

total dwelling base is projected to increase to 42% by the end of the long-term, more than doubling the current number of dwellings" (Market Economics, page 67).[23]

- Couple households continue to account for the largest component of district level resident household growth over the long term (and a similar quantum of growth is estimated as in the HDCA 2021).
- Urban dwellings in the Wānaka Ward have increased from 7,240 in 2020 to an estimated 8,700 in 2023. Higher urban dwelling growth is now expected in the Wānaka Ward in the medium term (10 year outlook) than previously projected. It has increased from 2,130 additional dwelling projected in the HDCA 2021 to 3,400 additional dwellings in the HDCA 2025. Long term dwelling growth in the Wānaka Ward (30 year outlook) has also increased from a projected 6,780 additional dwellings 2020-2050 to a significant 10,500 additional dwellings 2023-2053.[24] This means greater pressure on the supply of new dwellings that previously expected.
- In the Wānaka Ward, 79-80% of all new dwelling demand over the long term is directed at greenfield development areas, with only 20-21% directed to existing urbanised areas. This puts more pressure on greenfield housing capacity as opposed to infill and redevelopment capacity.

Despite significantly higher demand for dwellings overall in the Wānaka Ward projected in the latest HDCA 2025, the share of demand that is for attached housing is held constant in the short, medium and long term in the Council's Growth Model. That is, it does not acknowledge the changing preferences (and need) for attached housing, or recent trends in new housing supply (discussed above). Rather, it assumes that 26% of new housing growth in the Wānaka Ward will be for attached housing in the short, medium and long term.

Savvy strongly disagrees with this approach as it does not reflect the evidence base. Market Economics report two additional dwelling type growth scenarios in Appendix 2 of the HDCA 2025 report that are more consistent with the approach taken in the HDCA 2021 and recent trends. Savvy considers those alongside the Council's main dwelling projection to provide a range of demand (and sufficiency outcomes) below.

Table 3.2 summarises the latest dwelling demand projections for the Wānaka Ward contained in the HDCA 2025, inclusive of the competitiveness margin. The quantum of total growth is the same across the scenarios, with the difference in the type of dwelling demand. Including the margin, attached dwelling demand in the Wānaka Ward ranges between 1,100-1,700 by

[23] Market Economics caution this assumption, noting that an increase in the share of demand directed into Wanaka in the future differs from past patterns of growth.

[24] These demand figures exclude the competitiveness margin.

2033,[25] increasing to 3,200-6,700 by 2053.[26] For reasons stated above, Savvy favours the mid-high range of attached housing demand in Table 3.2.

Table 3.2 – QLD HDCA 2025 Wānaka Ward Dwelling Projections 2023-2053 by Scenario

	Medium Term (2023-2033) Incl. Margin			Long Term (2023-2053) Incl. Margin		
	Detached	Attached	Total Dwellings	Detached	Attached	Total Dwellings
HBA 2025 - QLDC Growth Model*	**3,000**	**1,100**	**4,100**	**9,100**	***3,200***	**12,200**
Alternative Baseline	2,800	1,300	4,100	7,000	*5,200*	12,200
Alternative Market Shift	2,400	1,700	4,100	5,500	*6,700*	12,200
Share of Net Growth (%)						
HBA 2025 - QLDC Growth Model*	**73%**	**27%**	**100%**	**75%**	***26%***	**100%**
Alternative Baseline	68%	32%	100%	57%	*43%*	100%
Alternative Market Shift	59%	41%	100%	45%	*55%*	100%

Source: QLDC HBA 2025 Appnedix 2, Savvy has applied the competitiveness margins.

** Only this scenario has been officially modelled for sufficiency in the HBA 2025*

3.4.2 Updated Housing Capacity

The HDCA 2025 applies zoning and planning provisions relevant at the time. For brevity, the following summarises key changes in the dwelling capacity assessment compared with the HDCA 2021:

- Some long term areas of growth capacity identified in the Spatial Plan have since been live zoned and are included from the short term onwards (e.g. Ladies Mile and Hawea).
- There have been some minor changes in operative zoning but the same mix of zones still applies in the Wānaka Ward.
- The notified provisions of the UIV discussed above apply for the capacity assessment in the medium and long term (even though they are not yet operative). Only operative zoning applies in the short term.
- Roading infrastructure constraints have been removed from the infrastructure ready capacity assessment but some critical three waters infrastructure constraints have since arisen and are applied.

[25] Excluding the competitiveness margin, this growth range is 900-1,400 net additional attached houses.

[26] Excluding the competitiveness margin, this growth range is 2,700-5,800 net additional attached houses.

- There have also been some changes in how commercially feasible and RER capacity has been modelled.

The combined effect of these changes is that plan enabled capacity in the medium and long term in the Wānaka has increased by 51-47% compared to the HDCA 2021, and slightly more of that plan enabled capacity is considered to be RER capacity. RER capacity has increased by 100% in the medium term and 76% in the long term compared to the HDCA 2021. That is, under the HDCA 2025, there is more development opportunity to meet expected demand in the Wānaka Ward, with the UIV being a significant contributor that that increase.

3.4.3 Updated Housing Sufficiency

In the short term, with stronger projected demand, but still operative dwelling capacity (combined with some additional infrastructure constraints, the HDCA 2025 reports an overall surplus of zoned capacity by 2026, comprised of a shortfall of 320 standalone dwellings and a surplus of 500 attached dwellings. The HDCA 2021 also showed a short term surplus. However, the recently reported surplus of attached dwellings is driven by a significant surplus of 570 attached dwellings in remote Cardrona. More relevant (particularly for the Project), there is a projected shortfall of standalone and attached housing in the Wānaka Urban area (-290 total dwellings) and Hawea Urban area (-190 total dwellings) in the short term. Cardrona is unlikely to be strong substitute location for this unmet demand.

With stronger projected demand, and the impact of the UIV applying in the medium term (i.e. from 2027 onwards), with some improvements in known infrastructure constraints leading up to 2033, the HDCA 2025 shows a surplus standalone and attached dwelling capacity in the Wānaka Ward overall – rectifying the reported medium term shortfall in the HDCA 2021.

There is however a net shortfall of 610 dwellings in greenfield areas (focussed on standalone dwellings), more than offset by additional capacity in the existing urban areas for a net surplus of 1,700 dwellings. The surplus of attached dwelling capacity in Cardrona is still a strong off-setting factor for the attached dwelling market, but unlike in the short term, the Wānaka urban area is expected to have surplus attached housing capacity of 800 dwellings (although only a surplus of just 40 dwellings by 2033 in greenfield areas, and possibly reduced to a minor surplus of 20 greenfield attached dwellings if unmet attached housing greenfield demand in Hawea is instead met in the Wānaka urban area.

Savvy has tested sufficiency in the medium term under the two alternative demand scenarios included in the HDCA 2025. While only total Wānaka Ward demand projections by dwelling type are provided, Savvy has prorated the demand likely to be focused on the Wānaka Urban Area. Under these scenarios, the Wānaka Urban area still shows sufficient zoned capacity for

attached housing demand, but the surplus by 2033 reduces from 800, to 610 and 310 respectively (Table 3.3). While unquantified, Savvy expects that these alternative demand scenarios *would* (pro-rata) show a shortfall of greenfield attached housing capacity by 2033.

Table 3.3 – HDCA 2025 Medium Term Dwelling Sufficiency by Type and Location, Wānaka Ward

		Demand (incl. Margin)			RER Capacity			Net Sufficiency		
	Location Type	Standalone Dwellings	Attached Dwellings	Total Dwellings	Standalone Dwellings	Attached Dwellings	Total Dwellings	Standalone Dwellings	Attached Dwellings	Total Dwellings
Wanaka Urban Area	Existing Urban	460	240	700	1,700	1,000	2,700	1,300	760	2,000
	Greenfield	1,800	570	2,400	780	610	1,400	-1,000	40	-960
	Total	**2,260**	**810**	**3,100**	**2,480**	**1,610**	**4,100**	**300**	**800**	**1,040**
Hawea Urban Area	Existing Urban	100	50	160	340	130	470	240	70	310
	Greenfield	480	150	630	420	130	550	-70	-20	-80
	Total	**580**	**200**	**790**	**760**	**260**	**1,020**	**170**	**50**	**230**
Cardrona	Existing Urban	-	-	-	-	-	-	-	-	-
	Greenfield	190	60	260	110	580	690	-90	520	430
	Total	**190**	**60**	**260**	**110**	**580**	**690**	**-90**	**520**	**430**
Total Wanaka Ward - QLD Growth Model	Existing Urban	570	290	850	2,100	1,100	3,200	1,500	830	2,300
	Greenfield	2,500	780	3,300	1,300	1,300	2,600	-1,200	540	-610
	Total	**3,000**	**1,100**	**4,100**	**3,400**	**2,400**	**5,800**	**340**	**1,400**	**1,700**
Total Wanaka Ward - Alternative Baseline	**Total**	**2,800**	**1,300**	**4,100**	**3,400**	**2,400**	**5,800**	**600**	**1,100**	**1,700**
Pro-Rata Wanaka Urban Area		*2,100*	*1,000*	*3,100*	*2,480*	*1,610*	*4,100*	*380*	*610*	*1,000*
Total Wanaka Ward - Alternative Market Shift	**Total**	**2,400**	**1,700**	**4,100**	**3,400**	**2,400**	**5,800**	**1,000**	**700**	**1,700**
Pro-Rata Wanaka Urban Area		*1,800*	*1,300*	*3,100*	*2,480*	*1,610*	*4,100*	*680*	*310*	*1,000*

*Source: QLDC HBA 2025, Savvy. * Only this scenario has been officially modelled for sufficiency in the HBA 2025. The Alternative demand scenarios are supplied in Appendix 2 of the HBA only. Original figures have been rounded. Total of existing urban and greenfield added by Savvy. Due to rounding, totals may vary slightly from the summation of the rounded values.*

With much stronger projected demand, and the impact of the UIV still applying in the long term, and further improvements in known (three waters) infrastructure constraints leading up to 2053, the HDCA 2025 shows a surplus attached and total dwelling capacity in the Wānaka Ward overall – rectifying the reported long term shortfall in the HDCA 2021. However, this surplus of total capacity (net 1,200 dwellings) is made up of a surplus of capacity in the existing urban area of 4,300 dwellings and large shortfall of housing capacity in greenfield areas (-3,100 dwellings). That greenfield shortfall in the long term affects standalone dwelling demand (a shortfall of 2,600 dwellings) and attached housing demand (a shortfall of 430 dwellings).

The situation in the Wānaka Urban Area, where the Project is located, is much worse. There is an expected long term shortfall of (net) 300 dwellings. There is a shortfall of 3,000 greenfield dwellings, including a shortfall of 2,200 standalone dwellings and a shortfall of 830 attached dwellings. It is only due to remaining capacity for attached housing in the existing urban areas (through infill and redevelopment) that there is net surplus for attached housing capacity. However, this is likely to be fully consumed by unmet standalone demand substituting to attached housing.[27]

[27] If this was preferable to moving further to Hawea where there is a modelled surplus of standalone dwellings.

Table 3.16 compares sufficiency under the two alternative demand scenarios which see higher demand for attached housing over time. Under these scenarios (and modelled assumptions), even the UIV will not provide sufficient long term capacity to meet expected demand for attached housing across the Wānaka Ward. The Council's Growth Model sufficiency for attached housing switches from a surplus of 1,500 by 2053 to a shortfall of 600-2,100. Under these scenarios the shortfall of total housing in the Wānaka Urban Area would be the same (-300), but the surplus of attached housing capacity switches to a shortfall of 1,080-2,280.

Table 3.4 - HDCA 2025 Long Term Dwelling Sufficiency by Type and Location, Wānaka Ward

		Demand (incl. Margin)			RER Capacity			Net Sufficiency		
	Location Type	Standalone Dwellings	Attached Dwellings	Total Dwellings	Standalone Dwellings	Attached Dwellings	Total Dwellings	Standalone Dwellings	Attached Dwellings	Total Dwellings
Wanaka Urban Area	Existing Urban	1,300	690	2,000	2,700	2,000	4,700	1,300	1,300	2,700
	Greenfield	5,600	1,800	7,300	3,400	920	4,300	-2,200	-830	-3,000
	Total	**6,900**	**2,490**	**9,300**	**6,100**	**2,920**	**9,000**	**-900**	**470**	**-300**
Hawea Urban Area	Existing Urban	300	160	460	1,400	690	2,100	1,100	530	1,600
	Greenfield	1,400	440	1,800	1,300	400	1,700	-140	-40	-170
	Total	**1,700**	**600**	**2,260**	**2,700**	**1,090**	**3,800**	**960**	**490**	**1,430**
Cardrona	Existing Urban	-	-	-	20	10	30	20	10	30
	Greenfield	450	140	590	110	580	690	-340	440	100
	Total	**450**	**140**	**590**	**130**	**590**	**720**	**-320**	**450**	**130**
Total Wanaka Ward - QLD Growth Model	Existing Urban	1,600	840	2,500	4,100	2,700	6,800	2,400	1,900	4,300
	Greenfield	7,400	2,300	9,700	4,800	1,900	6,700	-2,600	-430	-3,100
	Total	**9,100**	**3,200**	**12,200**	**8,800**	**4,600**	**13,500**	**-230**	**1,500**	**1,200**
Total Wanaka Ward - Alternative Baseline	**Total**	**7,000**	**5,200**	**12,200**	**8,800**	**4,600**	**13,500**	**1,800**	**-600**	**1,300**
Pro-Rata Wanaka Urban Area		*5,300*	*4,000*	*9,300*	*6,100*	*2,920*	*9,000*	*800*	*-1,080*	*-300*
Total Wanaka Ward - Alternative Market Shift	**Total**	**5,500**	**6,700**	**12,200**	**8,800**	**4,600**	**13,500**	**3,300**	**-2,100**	**1,300**
Pro-Rata Wanaka Urban Area		*4,200*	*5,200*	*9,300*	*6,100*	*2,920*	*9,000*	*1,900*	*-2,280*	*-300*

*Source: QLDC HBA 2025, Savvy. * Only this scenario has been officially modelled for sufficiency in the HBA 2025. The Alternative demand scenarios are supplied in Appendix 2 of the HBA only. Original figures have been rounded. Total of existing urban and greenfield added by Savvy. Due to rounding, totals may vary slightly from the summation of the rounded values.*

Overall, while there are some key differences in the modelling of the HDCA 2021 and HDCA 2025 that do not allow for consistent comparison, some of the issues around sufficient housing capacity in the Wānaka Ward are enduring, particularly for meeting expected greenfield demand, and demand in the Wānaka Urban Area in the long term. Despite the opportunities created by the notified UIV, there is a strong likelihood (under more realistic alternative demand scenarios) that there could be shortfalls of attached housing capacity in greenfield areas in the medium term, becoming increasingly significant in the long term. It is noted that even when a decision is released on the UIV, it will be subject to appeals and may not be operative for some time (further impacting housing opportunities in the medium term).

3.4.4 Further Requests for MDRZ in the Wānaka Ward

The Council's consultants for the UIV hearings (informed by interim modelling prior to the release of the HDCA 2025) supported the provision of further medium-density development

opportunity in Wānaka to increase the flexibility of the market to respond to attached housing demand.[28]

A number of submissions to the UIV sought to upzone more land as MDRZ in Wānaka than what was notified in the UIV (and modelled in the HDCA 2025). While that decision is still pending, the Section 42A officer for Council has, on the basis of urban design and economic evidence, supported:

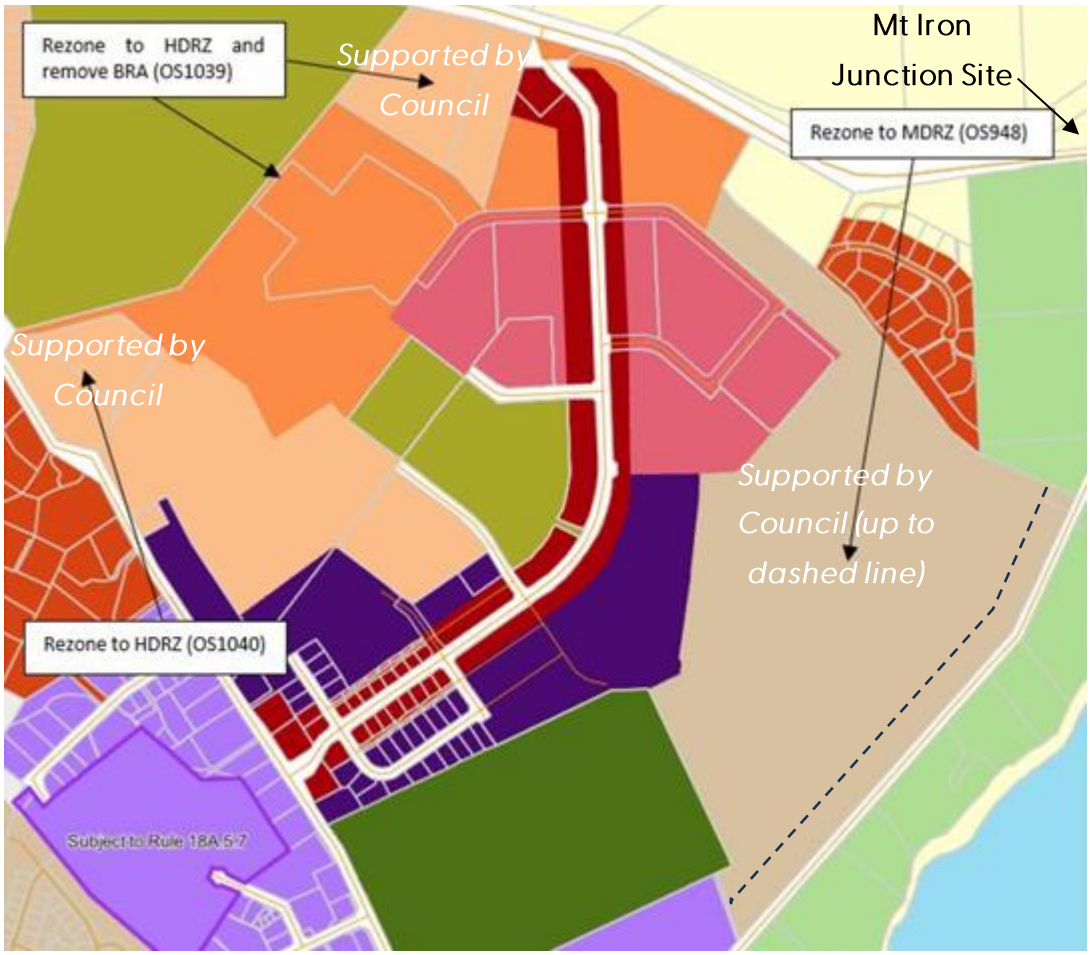
- Additional greenfield MDRZ surrounding the greenfield Local Centre Zone on Cardrona Valley Road in south Wānaka.
- Additional greenfield MDRZ on the eastern side of Sir Tim Wallis Drive in Three Parks but still retaining a 40m buffer of LDSRZ along that Riverbank Road frontage.

There was also support for upzoning some areas zoned or notified as MDRZ to HDRZ in Three Parks. Figure 3.16[29] shows the broad location of the S42A officer supported submission(s) for increasing MDRZ and HDRZ in Three Parks, Wānaka. The location of the Mt Iron Junction site can be seen on the edge of Figure 3.16, highlighting its proximity to the Three Parks town centre, education and recreational facilities – the factors that have supported more intensive residential development outcomes for the surrounding areas.

[28] See for example, primary evidence of Ms Fairgray-McLean for QLDC, paragraph 2.9(j).

[29] Sourced from the QLDC UIV Rezoning S42A Report, June 2025 and Rebuttal Evidence, July 2025. Figures 24 in that document. Light orange is MDRZ, dark orange is HDRZ, light brown is LDSRZ.

Figure 3.16 - Submissions to the UIV Seeking Additional MDRZ and HDRZ in Three Parks, Wānaka, Supported by Council Officers



The potential shortfalls of attached greenfield housing capacity estimated from the HDCA 2025 in the medium and long term for the Wānaka Urban Area (discussed above) could therefore be remedied in the medium term and mitigated in the long term by the UIV if approved along the lines of what is recommended by the S42A officer. As above, it is noted that even when a decision is released on the UIV, it will be subject to appeals and may not be operative for some time.

Overall, the Wānaka Ward has some catching up to do in terms of the share of new and total housing that is attached (i.e. medium and high density housing). Only a very strong rate of supply of attached housing going forward will help:

- slow the rise in mean land values for residential properties in the Wānaka Ward,
- increase the opportunity for long term rentals (and support a more competitive rental market),

- increase the opportunity for housing to be supplied in relatively lower value bands (and in doing so, help improve housing affordability in the Wānaka Ward), and
- meet existing and growing future demand for smaller dwelling types.

Despite the potential positive impact of the UIV (once operative), Savvy expects it will take time to see material changes in the rate and share of attached housing delivered in the Wānaka Ward. Greenfield zones provide the greatest opportunity for large scale increments of attached housing growth (but are also more at risk of land banking behaviour). While MDRZ, HDRZ and BMUZ locations that require infill and redevelopment are likely to transition only gradually over the long term.

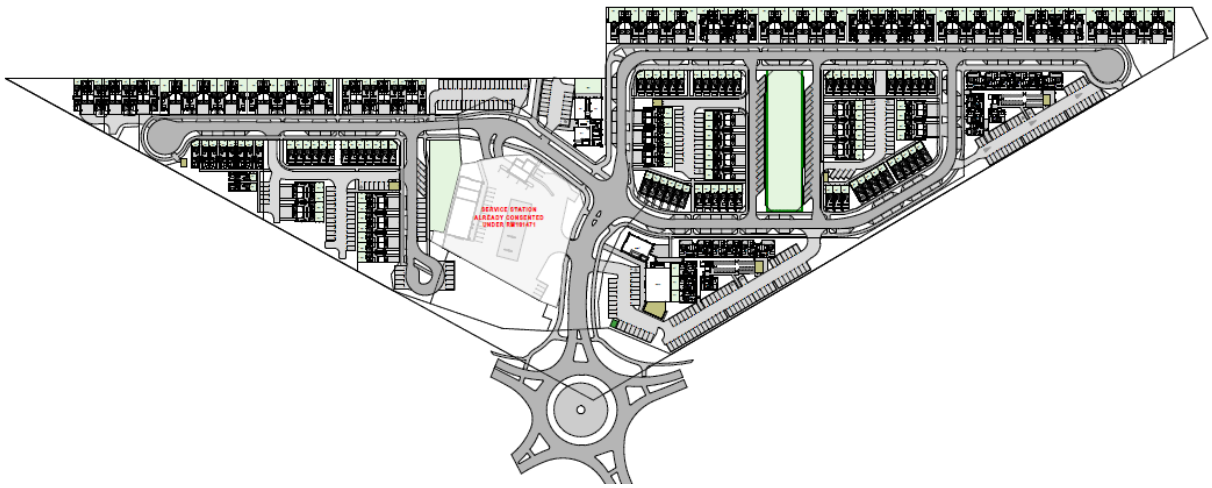
4 Contribution of the Project

4.1 Overview

The Mount Iron Junction Site already has resource consent for housing and commercial development over part the site, with site preparation, earthworks, roading and service installation presently occurring. A service station has already been consented by way of a consent order from the Environment Court.[30] The Site is also planned to include a day care centre and two small-scale convenience retail tenancies.

The Fast Track application seeks to approve the residential development of the rest of the site as well as the day care and convenience retail activities. The Project will deliver a substantial 250 dwelling units in a compact development akin to the development form anticipated by the MDRZ. The significance of this is contextualised in Section 3 above and is discussed further below. The Site Plan (shown in Figure 4.1) will also include shared parking areas and parks/community outdoor spaces.

Figure 4.1 – Mount Iron Junction Housing Scheme – Site Plan



The housing supplied by the Project is wholly attached housing. This comprises a mix of terrace housing (some single storey, with most two storey town houses) and apartments. The apartments are proposed as three storey "walk-up" apartments – a design approach that helps keep costs down (by avoiding the need for internal lifts). The dwelling units cover a range of sizes between 50-150 sqm and based on detailed designs – covering 10 specific

[30] A variation for the service station for minor design changes has been submitted but is currently on hold.

typologies. Figure 4.2 incudes images of the some of the proposed terraced houses and the apartment building.

Figure 4.2 – Proposed Terrace Housing Examples and Walk-up Apartments

Figure 4.3 – Breakdown of Proposed Dwelling Units by Bedroom Count

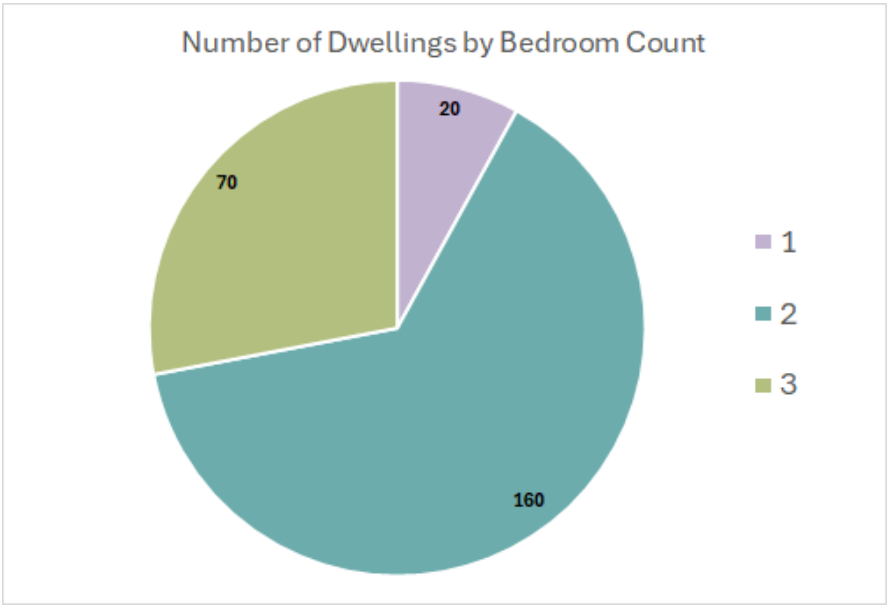


Figure 4.3 provides a breakdown of the 250 dwelling units according to the count of bedrooms included in the designs. The majority (160 dwellings or 64% are two-bedroom dwellings), followed by three-bedroom dwellings (70 dwellings or 28%), and 20 one-bedroom dwellings (8%). In total, small dwellings with 1-2 bedrooms accounts for nearly three quarters of the proposed supply and moderate sized dwellings with 3 bedrooms accounts for the other quarter. Even the moderate sized dwellings are still compact in size (i.e., a maximum of 137sqm GFA).

Figure 4.4 provides a render of the proposed convenience retail on the Site. Two tenancies are proposed in a single building that is 557sqm in total GFA. The café is 154sqm GFA and the grocery store is 275sqm GFA, with a shared amenities/entrance area of 128sqm GFA. The two convenience retail tenancies are located close to the main roundabout entrance and opposite the consented petrol station (which does not form part of the Project). The purpose of including the two small-scale retail tenancies is to help meet some of the convenience shopping needs of future residents, helping to minimise travel to the nearest alternatives (Albert Town Local Shopping Centre or Three Parks), and to increase the social amenity of the Site by providing another place for residents (and their visitors) to gather.

Figure 4.4 – Proposed Café and Grocery Store

Figure 4.5 provides a render of the proposed day care centre. Located centrally in the Site, the day care centre is 458sqm GFA and includes an outdoor play area. Like the retail tenancies, the day care centre is provided for the convenience of young families resident in the development. Both the 2 retail tenancies and the day care centre are also expected to

provide utility for other households living nearby the Site, further improving their access to such activities.[31]

Figure 4.5 – Proposed Day Care Centre

4.2 Increasing Residential Land Supply

Increasing housing supply is one criterion that may determine if a project meets the purpose of the Act (Section 22(2)(a)(iii)). The Project provides this benefit.

At a yield of 250 dwellings, the Project represents a moderately large residential subdivision in the context of the Wānaka Ward and wider district. In the context of the rest of the region (i.e. outside of QLD), it is considered to represent a comparatively large subdivision. There have been - and are in the pipeline[32] - larger residential subdivisions in the district, but these are relatively rare under single ownership.

To put the contribution of housing supply in context of total housing demand (excluding the competitiveness margin), the Project equates to meeting 10% of projected demand for additional housing in the Wānaka urban area over the medium term or 7% of projected medium term housing demand in the total Wānaka Ward.[33] To put this another way, it could accommodate the equivalent of 1.0 years of demand growth in the Wānaka urban area or 0.7 years of demand growth projected in the total Ward.

[31] Most day care centres in Wanaka have long wait lists for new infants, suggesting a shortfall of capacity to meet the growing population.
[32] Including in other Fast Track applications in the district.
[33] Based on Council's 2025 growth projections, as reported in the HDCA 2025.

To put the contribution of housing supply in context of attached housing demand, the Project equates to meeting 23-37% of projected demand for additional attached housing in the Wānaka urban area over the medium term (depending on scenario) or 18-27% of projected medium term housing demand in the total Wānaka Ward.[34] To put this another way, it could accommodate the equivalent of 2.3-3.7 years of attached demand growth in the Wānaka urban area or 1.8-2.7 years of demand growth projected in the total Ward.

The Project will support a more competitive housing market in the Wānaka Ward.

While it is acknowledged that the Project will create housing capacity through a consent and not a private plan change (i.e. re-zoning), the housing market outcome of either pathway is considered the same in terms of MIJ's planned housing yield on the Site (although is expected to result in housing supply faster as a result of a shovel ready consent). From that perspective, the Project contributes to meeting QLD's housing bottom lines and while the HDCA 2025 indicates that at a total housing level the PDP provides sufficient development capacity to meet expected total housing demand (inclusive of the competitiveness margin) in the medium term, the Project is consistent with Policy 2 of the NPS-UD as it helps support the provision of **at least sufficient** total housing capacity at all times.

The reason why the NPS-UD encourages local authorities to enable greater housing capacity than expected to be required is succinctly captured in the Proposed Otago Regional Policy Statement ("PORPS") 2021: "*The costs and negative impacts from 'over planning' for growth are much lower than the direct and wider costs and risks of under-planning, and largely relate to the provision of infrastructure ahead of demand*" (PORPS 2021, page 86).

Importantly, it will help mitigate a projected shortfall of greenfield housing capacity in the Wānaka Ward (and Wānaka Urban Area) under all three demand projections in the medium term, particularly if the UIV provisions are delayed by appeals. The Project will also help mitigate the potentially significant shortfalls of greenfield housing capacity in the Wānaka Ward and Wānaka Urban Area in the long term, including potentially significant shortfalls of attached housing capacity in both the Wānaka urban area and wider Ward between 2033-2053.[35]

4.3 Meeting Household Needs

Meeting housing needs is another criterion that may determine if a project meets the purpose of the Act (Section 22(2)(a)(iii)). The Project provides this benefit.

[34] Based on Council's 2025 growth projections, as reported in the HDCA 2025.

[35] According to the two alternative growth scenarios.

The location and dwelling mix of the Project have been selected intentionally to target specific housing needs in the Wānaka Ward and address specific housing issues well known to apply in the district. The Project's location in the Wānaka Urban Area means that it is located in the area of greatest housing demand in the Wānaka Ward.

Section 3.1.1 above has identified that in the Wānaka Ward, there was (in 2020) misalignment between the housing needs of the resident households and the nature of housing supply. Specifically, there has been a historical focus on supplying standalone dwellings, and while supply of attached housing has become more prevalent in the district in recent years, this has occurred to a lesser degree in the Wānaka Ward compared to the rest of the district. Hence, the misalignment between housing needs and housing supply in the Wānaka Ward is more pronounced and was still apparent in more recent 2023 assessment. Wānaka Ward continues to fall behind attached housing supply occurring in the rest of the district, despite zoned opportunity.

Furthermore, the projected demography of the resident population – which will result in the greatest growth being single and couple households (i.e. demand for small or 1-2 bedroom dwellings) – means that an estimated 27-41% of housing demand over the medium term in the Wānaka Ward is expected to be for attached housing, increasing to 26-51% of housing demand over the long term.[36]

It is considered that the proposed dwelling mix (in terms of bedroom counts and floorspace) is well aligned to meeting latent and projected demand for smaller sized dwellings in the Wānaka Ward. The HDCA 2025 clearly highlights the gap in smaller sized dwellings in the Wānaka Ward relative to the rest of the district. Addressing a reported shortfall of capacity for a particular type (or location) of demand is considered a significant benefit.

As discussed in Section 3.1 (and reconfirmed in the HDCA 2025, Section 3.4), there is evidence in the district that attached housing serves an important role in meeting rental housing needs. Wānaka has, and will continue to have, strong demand for rental housing. This is driven by large numbers of tourism and hospitality workers (including seasonal workers) as well as other lower income jobs, and house and rental prices substantially above the national average (and becoming more unaffordable each year).

At the outset, the Project would provide significant additional opportunity for rental properties. Savvy has been advised by MIJL that a portion of the 250 dwelling units will be sold as 'Build for Rental'. This will be similar to the 'Build to Rent' model which is an emerging housing development product that is gaining traction to help secure greater rental stock for lower

[36] HDCA 2025 demand scenarios.

income households. In QLD this is a critical issue not just because of the number of households essential to the functioning of the economy that are earning lower incomes and requiring rental properties, but because residential visitor accommodation (i.e. Airbnb's) has taken a large number of would-be long term rental properties (existing and purpose built) out of the housing market.

The Build for Rental component of the Project represents the minimum contribution that will be made to increasing rental housing stock in the Wānaka Ward. A far greater share of the total yield is anticipated to become rentals on account of being attached housing and therefore appealing to the investor market (and because residential visitor accommodation is planned to be limited to only 20% of total dwelling units within the development).

These investors may include local business owners looking to provide short or long term housing for new staff. In Wānaka, it is often easier to get a job than it is to find somewhere to live. Even when accommodation is able to be secured by workers moving to the area, the high cost of that housing means that some workers cannot sustain their overall living costs and have to leave. This creates challenges for local businesses to attract and retain staff.

The injection of additional rental properties (at a minimum the Build for Rental dwellings) is expected to have a material impact on improving the competitiveness of the Wānaka Ward rental market, helping to drive down the average rental cost in the short-medium term.

Housing need by price is also especially relevant in the Wānaka Ward given decreasing housing affordability and this is a key benefit of the Project, discussed in more detail below.

The Project satisfies Policy 8 of the NPS-UD (i.e., decision makers should be responsive to proposals that provide significant capacity while contributing to a well-functioning urban environment (emphasis added)). The PORPS 2021 sets out the criteria of what constitutes "significant" development capacity in the Otago Region (Figure 4.6).[37]

[37] It is acknowledged that this policy of the decisions version of the RORPS 2021 is currently under appeal.

Figure 4.6 – Criteria for Satisfying Policy 8 of the NPS-UD in Otago Region

UFD-P10 – Criteria for significant development capacity[516]

Significant development capacity is provided for where a proposed plan change affecting an *urban environment* meets all of the following criteria:

(3) required *development infrastructure* can be provided effectively and efficiently for the proposal, and without material impact on planned *development infrastructure* provision to, or reduction in *development infrastructure* capacity available for, other feasible, likely to be realised developments, in the short-medium term,

(4) the proposal makes a significant contribution to meeting a need identified in a *Housing and Business Development Capacity Assessment*, or a shortage identified in monitoring for:

- (a) housing of a particular price range or typology, particularly more affordable housing,
- (b) business space or *land* of a particular size or locational type, or
- (c) community or educational facilities, and

(5) when considering the significance of the proposal's contribution to a matter in (4), this means that the proposal's contribution:

- (a) is of high yield relative to either the forecast demand or the identified shortfall,
- (b) will be realised in a timely (i.e. rapid) manner,
- (c) is likely to be taken up, and
- (d) will facilitate a net increase in district-wide up-take in the short to medium term.

While infrastructure servicing is addressed in other application documents, the Project satisfies criteria 4(a) and 5 by addressing strong demand for attached housing and a shortfall of greenfield and total attached and more affordable housing in the medium and long term respectively, as reported in the HDCA 2025. It is of a high yield relative to forecast demand. Servicing of the Site is already underway, and the critical round about (access) was completed in late March 2024. Unlike other greenfield MDRZ in the Wānaka Ward, further land development is imminent (subject to consent approval).

It is therefore expected to be realised in a timely and rapid manner, with build out across the planned stages of land development estimated by MIJL to be completed over a 4 year period. Achieving this scale of net additional medium density housing in the Wānaka Ward in a comparatively short time (i.e. in the short term) is expected to have a significant positive effect on the Wānaka Wards' housing needs.

4.4 Contributing to a Well-functioning Urban Environment

Contributing to a well-functioning urban environment is another criterion that may determine if a project meets the purpose of the Act (Section 22(2)(a)(iii)). As defined in Policy 1 of the NPS-UD, a well-functioning urban environment includes (but is not limited to):

- Enabling a variety of homes that meet the needs of different households in terms of type, price and location. *Discussed above.*
- Support, and limit as much as possible adverse impacts on, the competitive operation of land and development markets. *Discussed above, with the project providing specific competition in the greenfield MDRZ market, but also supporting competition across the total housing market.*
- Have good accessibility for all people between housing, jobs, community services, natural spaces, and open spaces, including by way of active transport.[38]

The latter has been addressed in Section 2.3.1 above in terms of the Site's proximity to key shopping and employment areas, as well as additional infrastructure like schools and recreational facilities, particularly within the Three Parks mixed-use development area.

As discussed, the Project aligns strongly with the development outcome of the MDRZ. In the District Plan, the MDRZ is described as situated in locations within identified urban growth boundaries, that are easily accessible to local shopping zones, town centres or schools by public transport, cycling or walking.

Accessibility modelling played a key role in identifying the additional areas to be intensified (upzoned) in the notified UIV. The accessibility modelling was carried out by Barker & Associates for the Council around 2022/2023 in accordance with Policy 5 guidance.[39] That modelling considered only accessibility by walking on the presumption that if a location was accessible by walking, it was even more accessible by bike and car.

As comprehensive as the modelling was at the time, it has some limitations as follows:

- It relied on a mix of 2013 and 2018 data, particularly around employment. By looking only at employment in 2018, rather than capacity for employment, the analysis does not

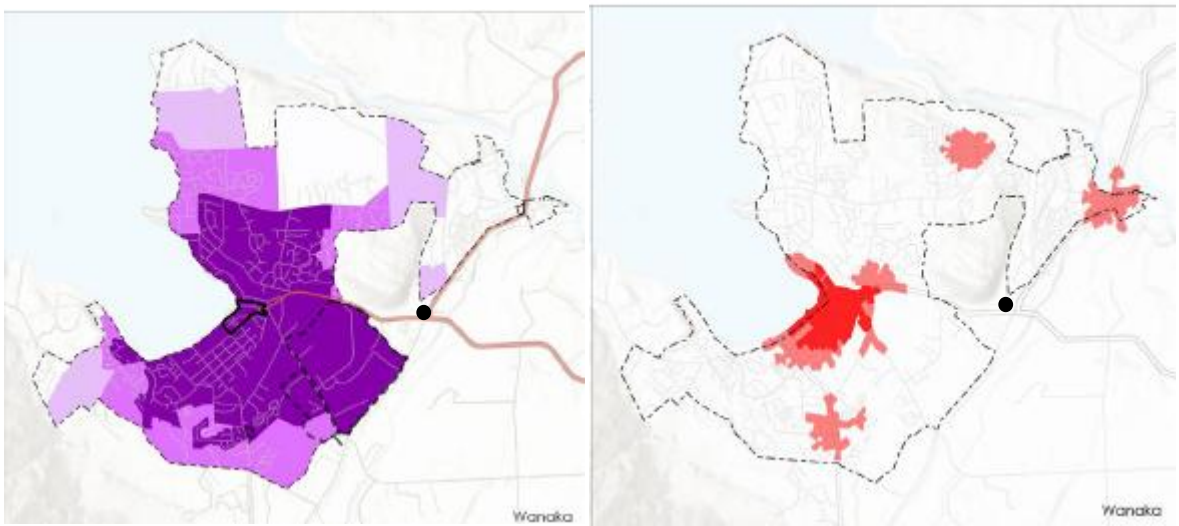
[38] While this clause also included public transport, there is no public transport in the Wānaka Ward at present.
[39] Memo – Method Statement – Accessibility & Demand Analysis – NPS-UD Policy 5, Barker & Associates, 16 May 2023.

account for the changing spatial patterns of employment in Wānaka as greenfield business and commercial land in Three Parks and the industrial area are taken up.

- Three Parks was not recognised as a town centre. Rather, only elements of the centre were included like the supermarket that existed at the time (noting a second supermarket is about to begin construction) and Recreation Centre.
- Where greenfield zoned land did not contain any existing road network, the land was considered to have no accessibility. This limited the walkable catchments shown for a number of sub-models in the Three Parks area (and other greenfield locations). The authors of the accessibility modelling did acknowledge that the level of accessibility around the Three Parks mixed use area will only increase with time.
- Accessibility to public open space did not include Mount Iron.
- Rather than applying to all of the district, it confined the accessibility analysis to areas already zoned urban at the time. As such, it did not show how locations on the edge of the UGB in Wānaka (for example, such as the Site) perform in terms of accessibility. Instead, it truncated accessibility results at the urban boundary.

Figure 4.7 provides some of the sub-model accessibility results. The left one was accessibility to employment (defined by meshblock centroid and not a more refined walking catchment) and the right image shows the accessibility to shopping centres – clearly excluding Three Parks. The black dot is the location of the Site. A number of these sub-models were then amalgamated to give an overall snapshot of relative accessibility in Wānaka based on data at the time.

Figure 4.7 – B&A 2022/2023 Accessibility Assessment for Wānaka - Employment and Centre Accessibility Catchment Examples



It is not possible to know how the Site would have performed in the Barker & Associates accessibility modelling if included in the land assessed, or (and more importantly) if the assessment was updated to recognise the greater scale and significance of Three Parks in the Wānaka Ward economy. It is also beyond the scope of this report to develop such a model. However, based on some desktop measurements, and applying walking time/distance ratios used in the accessibility modelling methodology:[40]

- It is approximately 1,700m from the centre of the Site (rear boundary) to the centre of Three Parks shopping centre. Roughly a 20 minute walk.
- 1,100m from the south-east corner of the Site to the edge of Three Parks Commercial Zone (less than a 15 minute walk). This is likely similar to the distance from the edge of recommended extension of the MDRZ in Three Parks where it is supported by Council to be upzoned from LDSRZ to MDRZ.
- 850m from the south-east corner of the Site to the edge of the BMUZ in Three Parks (which begins at the existing BP service station) - around a 10 minute walk.

The Site is also proposed to include a childcare centre (which is a relevant accessibility factor that contributes towards the appropriateness of intensification). The consented petrol station will include convenience retail and the proposed retail activity in the Site subject to approval under the Act (café and grocery store), are also relevant accessibility factors that contribute towards the appropriateness of intensification. The commercial sites are roughly central to the Site – with the maximum distance to walk to these amenities around 340m (i.e. a maximum of 5 minute walk for residents of the Project which aligns with distances applied in the Council's accessibility modelling for these activities).

In evidence for the UIV hearings, Mr Wallace (author of the accessibility modelling) stated that "*Areas along the Wānaka-Luggate Highway and Three Parks were identified as having moderate to high levels of accessibility. I would anticipate that this would improve over time as development of the Three Parks commercial area continues (with increased employment and service opportunities becoming available)*".[41] While Mr Wallace was referring to the land on the Three Parks side of the Wānaka-Luggate Highway, and not the Site, Savvy estimates that if land within the extensive Three Parks area has high levels of accessibility that justify MDRZ and HDRZ, then relative to that, the Site is likely to have moderately good levels of accessibility in the context of the Barker & Associates methodology.

[40] The accessibility assessment adopted 1.3 seconds/meter walking speed.

[41] At paragraph 15.47, June 2025.

It is therefore considered that in the context of Wānaka's planned urban form, the Site is an appropriate and efficient location to provide for medium density housing development as proposed by the Project. Further, that the Project supports a well-functioning urban environment in the Wānaka Ward due to the combination of:

- meeting the different housing needs of households,
- supporting a competitive housing land market, and
- supporting good accessibility for all people between housing, jobs, community services, natural spaces and open spaces.

4.5 Impact on Housing Affordability

In determining if a proposed development provides significant development capacity under Policy 8 of the NPS-UD, the PORPS 2021 gives specific regard to proposals that make significant contributions to more affordable housing in the region (Figure 4.4).

Savvy considers the Project's contribution to improving housing affordability in the Wānaka Ward the most important aspect of the Project's economic significance. As set out in the HDCA 2021 and 2025, and through other housing market indicators discussed above, housing affordability is the key housing (and economic) issue facing the district, and this is particularly the case in the Wānaka Ward where housing and land prices are growing faster than in the rest of the district and housing supply that would provide dwellings in lower price bands has not kept pace with demand. The Project directly provides more affordable housing in two ways:

First, as discussed above, medium (and high) density housing has been determined by the Government as critical to creating more flexible, competitive land markets, decoupling land prices from housing costs, improving accessibility in urban areas and delivering more affordable housing.[42] Medium density housing also encourages the supply of smaller, more compact dwellings to meet household needs (to buy or rent) which are proportionally cheaper to construct than larger dwellings. The smaller land area associated with medium density dwellings means that total residential property prices are lower than in lower density residential zones (this is the 'decoupling' referred to by MfE).

The Project effectively delivers a new and shovel ready MDRZ housing development area in the Wānaka Ward in an accessible location and therefore delivers all the economic (and social) benefits of medium-density housing. As assessed above, nearly three quarters of the

[42] MfE guidance supporting Policy 3 and 5 of the NPS-UD.

dwellings proposed on the Site will be small 1-2 bedroom dwellings, for which there is clear and growing demand in the Wānaka Ward that is not being met by the current housing market at a rate, or price point necessary to materially improve housing affordability.

Importantly, the Project is expected to deliver its 250 medium density dwellings in the short term (i.e. next 5 years). This large injection of new medium density and relatively more affordable dwellings in a relatively short space of time will maximise the economic benefits of the Project on the housing market. This is particularly relevant given the uncertainty on the timing of other greenfield MDRZ and HDRZ development opportunities in the Wānaka Ward (and discussed in Section 3.2.2).

4.5.1 Queenstown Lakes Community Housing Trust

MIJL's commitment to make a meaningful contribution to addressing housing affordability issues in the Wānaka Ward is further demonstrated by MIJL's commitment to support the QLCHT by gifting 13 dwelling lots.

The QLCHT is a community housing provider ("CHP") that was set up in the district to help address the escalating housing affordability issue which is creating significant challenges for a range of economic sectors to attract and retain workers. QLCHT state that an unusually high number of new residents to the district "*leave the district after 12-18 months. The reasons cited are often due to the high living costs and lack of suitable housing*" (QLCHT, page 1).

Further detail on the role and operation of the QLCHT is provided in a separate document and not repeated here. However, QLCHT and MIJL have entered into a Heads of Agreement committing MIJL to deliver land that is capable of being developed to a density of 5% of the total number of dwellings created under Project at nil consideration. This gifting of land equates to 13 dwellings on the Site (i.e. 5% of 250 total dwelling yield).[43]

The QLCHT is dependent on local developers in the district voluntarily gifting sites in residential subdivisions[44] so that they can continue to build and offer affordable housing products to the most vulnerable households working in the district. Figure 4.8 below provides a timeline of dwellings that have been delivered by the QLCHT in the Wānaka Ward since they established in 2007.[45] It highlights that the opportunities (i.e. gifting of land) are ad-hoc and

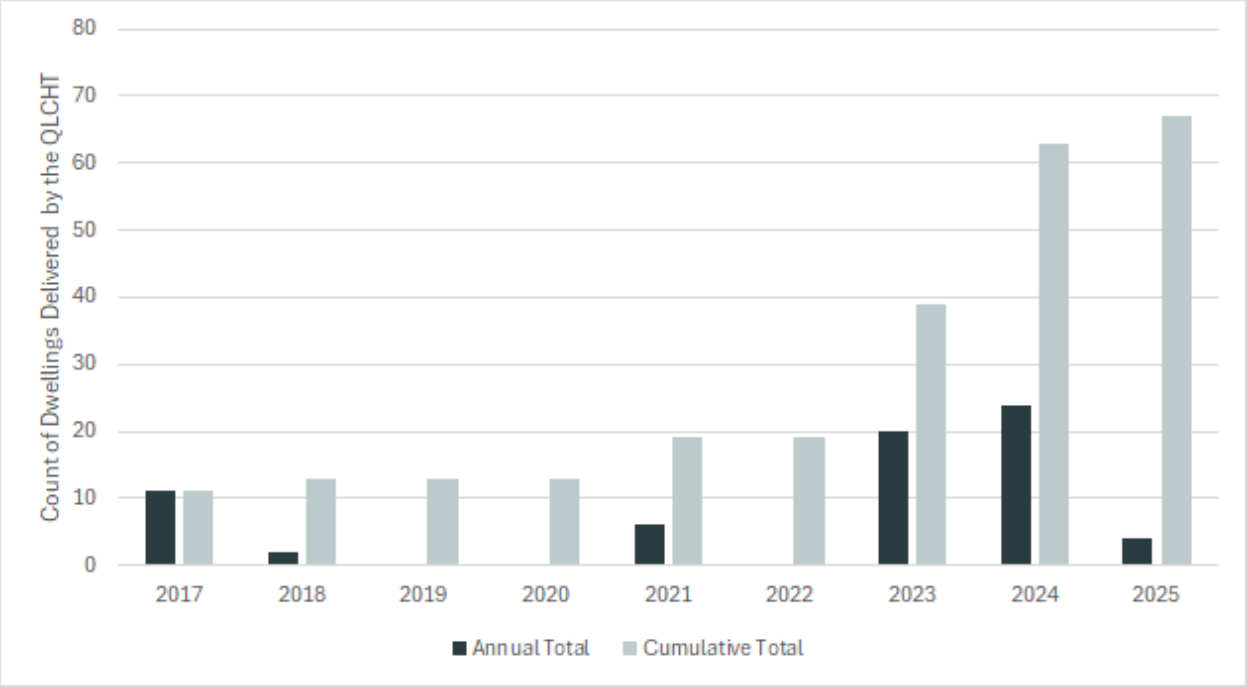
[43] Savvy has rounded up.
[44] While QLDC proposed regulating inclusionary zoning in the District Plan, this variation to the PDP was abandoned.
[45] Detail is not provided on the annual distribution of Hawea dwellings across 2023-2024. This is an estimate in Figure 4.6 by Savvy.

highly variable year on year. Cumulatively, the QLCHT has managed to deliver 69 affordable dwellings in the Wānaka Ward, although they have a further 53 dwellings in the pipeline.

Any contribution to the capacity of the QLCHT is considered a significant economic benefit. To put the contribution by the Project into context, 13 dwellings equate to:

- A 19% increase on the current number of houses delivered by the Trust in the Wānaka Ward.
- A 25% increase on the current number of dwellings in the Trust's pipeline for Wānaka Ward.
- An 11% increase in total developed and pipeline dwellings in the Wānaka Ward.
- Reducing the current QLCHT wait list in the Wānaka Ward (currently at 250 qualifying households) by 5%.

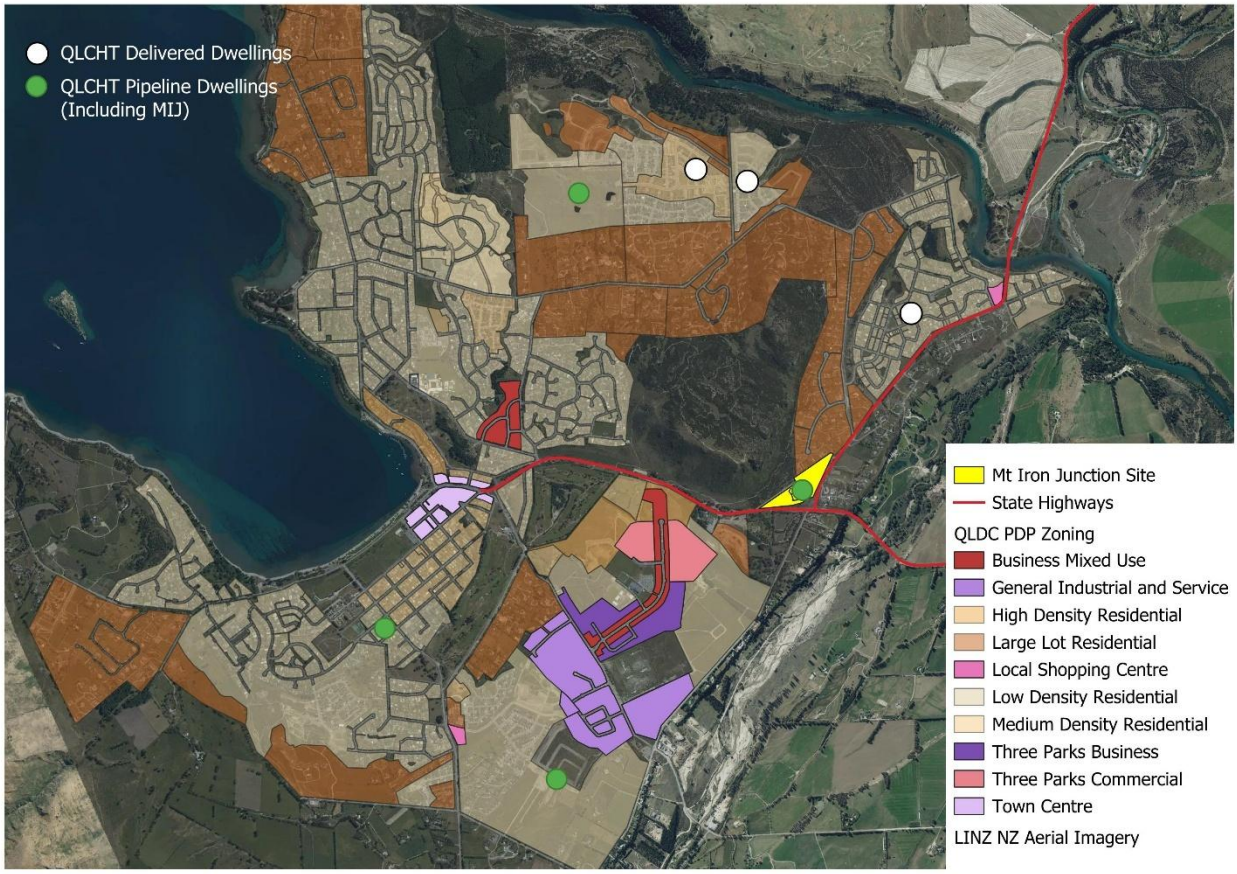
Figure 4.8 – Timeline of QLCHT Housing Developments in the Wānaka Ward



The Project's contribution to the QLCHT will deliver 13 affordable dwellings in one of the closest and most accessible locations of any of the gifted land areas to date in the Wānaka Ward (in terms of distance to the main employment and shopping areas). A substantial 58% of sections gifted to the Trust have been outside of the main Wanka urban area (mainly in Hawea, but a small number in Cardrona).

For the 43% that are located in the main Wānaka urban area, all of those already built, and 3 that are in the pipeline, are further from the Wānaka Town Centre, Three Parks mixed use area and industrial area than those gifted in the Site. Only the 12 pipeline dwellings on McDougall Street will be as close to a major shopping area as the Site, and the 3 pipeline dwellings in Alpine Meadows have better accessibility to the industrial employment area (Figure 4.9).

Figure 4.9 – QLCHT Wānaka Urban Area Delivered and Pipeline Dwellings by Location



Given the absence of public transport in the Wānaka Ward, the ability for the QLCHT to provide 13 affordable dwellings with moderately good walking/cycling access to schools, shops, employment and recreational areas is a significant benefit for the Trust's Wānaka Ward property portfolio.

4.6 Construction Economic Impacts on the Economy

This section quantifies the economic impact associated with the development of the Project, if approved. Core tangible economic impacts arising from the Project are the Gross Domestic Product ("GDP") or Value Added[46] and employment impacts of:

- completing any further/final engineering designs, compliance checks and Council approvals (if applicable, a short term impact indicatively taking up the first 6 months of year 1 and prior to land development being initiated),
- completing the land development of the Site in one or more stages (a short-term impact indicatively spread over 2 full years, starting in year 1 and finishing in year 3),
- completing the construction of the daycare, café and grocery store - total GFA 1,015sqm GFA (a short-term impact indicatively spread over 1 year, and indicatively coinciding with the second year of dwelling construction). Savvy has not quantified the long term GDP that would be expected to be generated by the operation of the day care, café and grocery store – such GDP/employment impacts are net additional to those quantified here (focussed on construction), and
- completing the construction of 250 dwellings (each a short-term impact but cumulatively spread over an estimated 4 years in total as land development stages are completed, and beginning in year 2).

As such, the economic impacts of the Project will accrue over a relatively condensed period of around 5 years (or maybe spread over 6 years if dwelling construction occurs more slowly).

Savvy acknowledges that GDP/Value Added and employment impacts are not 'economic benefits' in a strict economic sense. Aspects of GDP/Value Added and employment contribute to economic wellbeing, but not all aspects. Further detail is provided in Appendix 2 which contains a framework setting out (at a high level) how the different components of GDP (or Value Added) generated by a typical residential development can enhance or detract from wellbeing. These aspects (costs and benefits) applicable to this Project are discussed further in Section 5.

[46] Value added refers to the additional value created at each stage of production, while GDP measures the total market value of all final goods and services produced within a country during a specific period. Value Added is useful for understanding the economic contribution of specific sectors or industries without risk of double counting and is often used in productivity analysis.

However, MfE has indicated[47] that GDP (or Value Added) and employment *are* the metrics they are looking for when considering the economic significance of applications seeking referral under the Act. It is therefore assumed that these same metrics are relevant to substantive applications and contribute to the sorts of economic benefits Government was anticipating from projects approved under the Act. Estimated Value Added and employment impacts catalysed by the Project have therefore been quantified.

In addition to the information provided above, the following assumptions have been used to quantify – at a high-level - the indicative economic impacts of the land and enabled housing and commercial construction stages of the Project:

- an average dwelling size of 94sqm across all the dwellings and typologies and an average residential construction cost of $4,000/sqm.[48]
- an average commercial construction cost of $4,000sqm applied to 1,015sqm GFA in total.[49]
- Savvy has applied land development (with landscaping) costs provided by the Applicant (which average out at $90,000/dwelling), and assumed that any further planning, design and approvals indicatively equate to 1% of estimated land development costs.

Further explanation, assumptions and caveats of Savvy's approach are set out in Appendix 3. In summary, using multiplier analysis, Tables 4.1 and 4.2 and Figure 4.10 show the indicative direct, indirect, induced and total economic impacts of the land development and construction of the Project. All impacts are expressed in 2020 dollar terms. It is estimated that the Project could:

1. Contribute $_{2020}$72 million in direct and indirect value added and $_{2020}$94 million in total value added[50] to the Otago economy over an indicative 5 years. This has an estimated net present value ("NPV") of $_{2020}$74 million.[51]
2. Generate total wages/salaries for Otago households to the value of $_{2020}$44 million over 5 years. This has an estimated net present value of $_{2020}$35 million.

[47] RMLA Fast Track Act Roadshow, Queenstown fixture.
[48] The cost of building the apartments is expected to be more expensive per sqm than the cost of building terrace housing. $3,200 is considered a rough average across the site and may be conservative. A higher sqm cost will generate higher impacts than estimated here.
[49] A higher or lower sqm cost will generate higher or lower impacts than estimated here.
[50] Total economic contributions include direct, indirect and induced impacts.
[51] Although the Project is not a public investment project, discounting is based on the current recommended public investment discount rate for commercial projects of 8% (Treasury). Table 4.2 shows the sensitivity testing.

3. Sustain total employment for around 711 FTE-years[52] across a broad range of sectors in Otago over the various stages of the development (or equivalent to around 142 full-time workers (on average) for 5 years).

Table 4.1 – Direct, Indirect, Induced and Total Economic Impacts of the Development of the Project on the Otago Economy ($2020, Undiscounted)

	Direct Impact	Indirect Impact	Induced Impact	**Total Impact**
Design/Planning/Consents				
FTEs (annual average)	1.5	0.9	0.8	**3.3**
Value Added ($$_{2020}$$m)	$ 0.1	$ 0.1	$ 0.1	**$ 0.2**
Gross Household Income ($$_{2020}$$m)	$ 0.1	$ 0.0	$ 0.0	**$ 0.1**
Land Development				
FTEs (annual average)	22	31	18	**71**
Value Added ($$_{2020}$$m)	$ 5.7	$ 8.2	$ 5.0	**$ 18.9**
Gross Household Income ($$_{2020}$$m)	$ 3.9	$ 4.2	$ 1.9	**$ 10.0**
Dwelling Construction				
FTEs (annual average)	26	81	29	**136**
Value Added ($$_{2020}$$m)	$ 15.3	$ 40.2	$ 16.5	**$ 71.9**
Gross Household Income ($$_{2020}$$m)	$ 6.3	$ 20.3	$ 6.2	**$ 32.8**
Commercial Construction				
FTEs (annual average)	4	15	5	**24**
Value Added ($$_{2020}$$m)	$ 0.4	$ 1.9	$ 0.8	**$ 3.1**
Gross Household Income ($$_{2020}$$m)	$ 0.3	$ 0.9	$ 0.3	**$ 1.5**
Total Project (Undiscounted)				
FTEs - Years	154	400	157	**711**
Value Added ($$_{2020}$$m)	$ 22	$ 50	$ 22	**$ 94**
Gross Household Income ($$_{2020}$$m)	$ 11	$ 25	$ 8	**$ 44**

Source: StatisticsNZ, Savvy Consulting, Client Inputs. Results are in $2020 and employment terms.

A large share of these economic impacts is expected to be felt in the QLD. The district has a large construction sector (on account of the strong population growth) and a constant stream of development projects are needed to sustain that industry. The Project (which will generate around $121 million of direct expenditure (gross output))[53] is expected to make a significant contribution to the short term construction pipeline in the Wānaka Ward (without material displacement of labour) and will contribute to sustaining the sector (and supporting industries) in the district more generally.

[52] Full Time Equivalent job.

[53] In current (2025) dollar terms.

Figure 4.10 - Total Value Added Impacts of the Development of the Project on the Otago Economy ($2020, Undiscounted) by Year

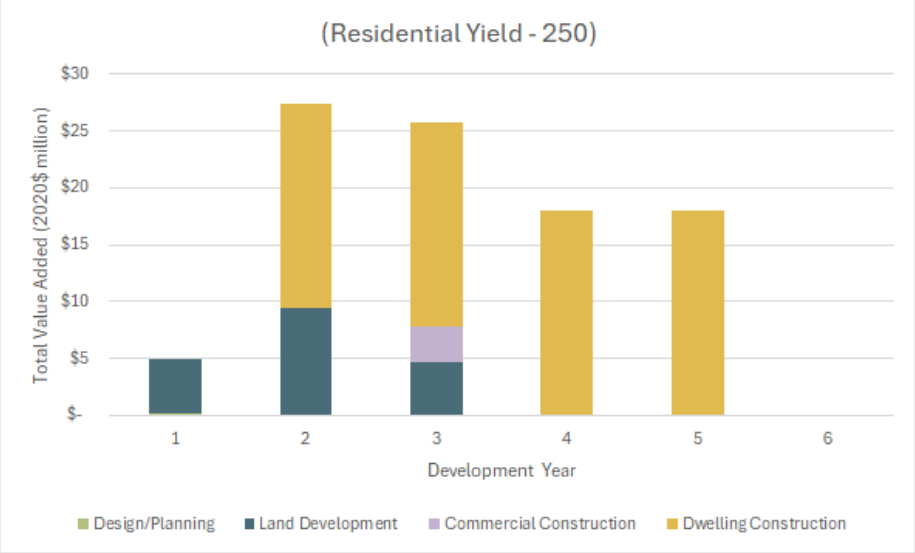


Table 4.2 – Net Present Value of Total Value Added and Household Income Impacts

Total Direct, Indirect & Induced Impacts	*Res Yield (250)* Total Impact ($m)
Value Added ($$_{2020}$$m) - Undiscounted	**$ 94**
Present Value (8% Discount Rate)*	$ 74
Present Value (2% Discount Rate)*	$ 88
Gross Household Incomes ($$_{2020}$$m) - Undiscounted	**$ 44**
Present Value (8% Discount Rate)*	$ 35
Present Value (2% Discount Rate)*	$ 42

*Source: Savvy Consulting. * These are the Treasury discount rates for commercial developments, although apply to public sector developments not private sector developments.*

Savvy acknowledges that depending on when the development of the Site occurs, it may be transferring economic impacts that would have been generated on other residential development sites (i.e. it is sustained by a transfer of housing demand). This occurs when the development competes for demand at the same time as other developments. However, competition in the market is considered positive in economic terms, and as such, transfer effects of construction impacts are not considered to detract from the economic impacts or significance of the Project. While the economic impacts generated by the Project are not necessarily net additional to the economy, as far as comparatively large scale residential developments go, the impacts are considered significant in absolute terms.[54]

[54] In percentage terms, the cumulative value added impacts (NPV) equate to only 1.6% of the GDP of Queenstown Lakes District and a lower share again of the Otago Region GDP (0.4%).

5 Conclusions

5.1 Economic Benefits

Based on the assessment carried out for this report, Savvy considers that the Project will deliver a range of economic benefits, not all of which can be quantified. The economic benefits of the Project are summarised as follows:

- Increasing housing supply and a more competitive housing market generally, and specifically in the greenfield medium density (attached) housing market, by providing significant attached housing development capacity (250 dwellings) akin to development outcomes under the MDRZ.
- Meeting current and future housing needs in terms of type, location and price, including helping to address (in the near future):
    - a shortfall of attached housing capacity (in both existing and greenfield areas) in the Wānaka urban area in the short term, and
    - a potential shortfall of greenfield attached housing capacity in the Wānaka urban area in the medium term under alternative demand scenarios, and
    - a shortfall of greenfield attached housing capacity in the Wānaka urban area and wider Wānaka Ward in the long term as reported in the Council HDCA 2025, and a potential shortfall of total attached housing capacity (greenfield and existing urban) in the Wānaka Ward and Wānaka urban area in the long term under alternative demand scenarios.
- The proposal will significantly increase the supply of 1 and 2 bedroom dwellings in the Wānaka Ward (by 180 dwelling units), diversifying the housing estate, which is heavily oriented to larger standalone dwellings and, to a lesser extent, high to premium value attached housing.
- Supporting the supply of relatively more affordable housing (to buy and rent) in a market facing the strongest increases in median house prices in the district (and region) and therefore creating significant housing stress which is impacting the ability of many local businesses to attract and retain staff.
- Enabling the QLCHT to deliver (at nil land cost) 13 additional affordable homes in the Wānaka urban area for low income resident households. This is a significant benefit

for the Trust and recipient households (noting that 250 qualifying households are currently on the Trust's waiting list for affordable housing in the Wānaka Ward). Enabling vulnerable working and retired households to stay in the district by providing affordable housing options better supports social cohesion and community wellbeing.

- Ensuring a boost in long term rental properties in the Wānaka Ward through, at a minimum, selling a component of the total dwelling yield as Build for Rental. This injection of additional rental properties in the short term (i.e., next 5 years) is anticipated to have a material competitive effect on the local rental market (reducing average rental prices), as well as increasing housing opportunities for the influx of seasonal workers in the study area.
- Contributing to a well-functioning urban environment by encouraging medium density development/intensification in a location with good accessibility to employment, shops and services, schools, recreation and open space.
- The development of the Site over the next 5 years (indicatively) is estimated to cost around $121 million in current dollar terms will help sustain the district's construction workforce/sector and generate an estimated NPV$_{2020}$74 million in total direct, indirect and induced value added and NPV$_{2020}$35 million in total household incomes (applying an 8% discount rate). Total direct, indirect and induced employment sustained by the development of the Site is estimated at 771 FTE years over the total development period, or an average of 142 FTEs per year if spread evenly over 5 years. These economic impacts will be felt mainly in the QLD, followed by the wider Otago Region.
- Creation of long term (ongoing) employment and GDP impacts associated with the operation of the day care, café and grocery store (unquantified).

Overall, the Project is consistent with the objectives and policies of the NPS-UD. It responds to strong housing demand, supports a more diverse housing market in the Wānaka Ward, increases the competitiveness of the housing land market, supports a well-functioning urban environment and helps ensure at least sufficient housing capacity is provided in the Wānaka Ward and district.

Savvy considers that the Site is an efficient location for medium density housing development in the context of Wānaka's existing and planned urban form and does not undermine the spatial extent and intent of the Wānaka UGB. The Project is a more efficient use of the land than status quo rural zoning.

Housing price is not independent of location. The location of the Site plays a role in the relative affordability of the dwellings that will be built and sold. Intensive urban development of the

full Site also reduces the marginal costs of the roundabout infrastructure delivered by NZTA (i.e., increases the benefits of that new infrastructure relative to the cost of that investment).

Savvy considers that the economic benefits delivered by the Project (if approved) will be significant at the local, district and regional level. Some of those benefits will continue to have a positive effect on economic and social wellbeing in the medium and long term.

5.2 Economic Costs

Savvy has considered the actual and potential economic costs of the Project, including regard to the components of GDP and employment impacts that do not enhance economic wellbeing (as set out in Appendix 2 and considered relevant to the Project).

The Site is already partially consented for urban development and the remainder of the site is not suited for primary production given its scale, location and adjoining (on one boundary) residential properties. The land is under-utilised. Therefore, there are no forgone benefits of land-based primary production from urban development on the Site. The land is Land Use Capability ("LUC") 4 and therefore the provisions of the NPS-HPL do not apply. That is, there is no loss of highly productive land for future generations.

Infrastructure costs on the Site will be met by the applicant and the Project does not impose (directly) any additional financial costs on the Council (or wider community) for infrastructure to facilitate the development in the short term. The opportunity costs on Council's infrastructure capacity (existing and planned) for zoned development are considered minor relative to the economic benefits of the Project (and will be offset by development contributions).

There is no evidence that supports construction jobs in the Wānaka Ward being excessive in work hours, stressful or poorly compensated. The area continues to attract trade based workers and the construction sector (as measured in 1-digit ANZICs), is the second largest employer in the district. All forms of employment have an element of opportunity costs of peoples' time and is not a cost unique to this Project. Similarly, the use of materials (consumption of resources) associated with the construction of the Project is a function of meeting housing demand and would be the same in other MDRZs in the Wānaka Ward. This is not an economic cost unique to the Project.

Savvy does not consider that there are any adverse economic effects (such as effects on existing centres) arising from the proposed day care centre. Day care centres are located throughout the urban area of the Wānaka Ward, often in residential zones or in the BMUZ. The proposed day care centre is expected to be largely supported by new growth and as

such, is not expected to impact the viability of any existing day care centre. The sector is also under considerable strain due to rapid population growth and so the addition of another day care centre is likely to have a positive effect of mitigating waiting lists in the Wānaka urban area.

In terms of the two proposed retail tenancies being 'out of centre', the two tenancies are considered to be small scale and focussed primarily on helping to meet the convenience retail needs of local residents (and to some extent pass by customers from surrounding residential/rural residential areas, or those using the already consented petrol station). Cumulatively with the petrol station the aggregation of consented and proposed retail GFA falls well short of the plan enabled scale of Local Centre Zones elsewhere in the Wānaka Ward. This relative scale is an important factor in the proposed retail's ability to adversely impact the vitality and vibrancy of any existing or proposed local centre (with the Albert Town Local Centre being the closest alternative). The Albert Town centre is very well patronised and exhibits above average vitality thanks largely to one very strong performing anchor tenant (Pembroke Pâtisserie) which draws custom from throughout the Wānaka Ward.

No material adverse impacts on the Wānaka Town Centre of Three Parks Commercial Zone are expected to arise from the proposed café and grocery store. Again, this conclusion is reached because the retail GFA is expected to be largely sustained by new household growth within the Site, rather than drawing spend away from these town centres. Second, the large scale of the two town centres is such that the two tenancies would not be able to generate distributional effects that meet the significant threshold required undermine the role, vibrancy or vitality of those centres. Third, residents of the Project will also patronise both Three Parks and the Wānaka Town Centre for their remaining convenience and weekly household needs. This would be expected to more than offset any direct trade competition.

Overall, Savvy has not identified any significant economic wellbeing costs of the Project. Other technical reports provided with the application address transport and landscape effects and are not addressed here.

5.3 Conclusions on Economic Significance

Savvy considers that the Mount Iron Housing Scheme can be supported from an economic perspective. It delivers significant gross economic benefits to the Wānaka Ward and wider district and region. There are no material economic costs (impacts) that would be relevant (individually or in aggregate) to the proportionality assessment or that result in net economic benefits that are less than significant.

Appendix 1 – CV

I (Natalie Hampson) am the owner and director and Savvy Consulting, which was established in November 2023. Prior to establishing Savvy, I was a director at Market Economics Limited. I have worked in the field of economics for over 20 years for commercial and public sector clients with a particular focus on economic assessment within the framework of the Resource Management Act (RMA). Since 2001 I have specialised in studies relating to land use analysis, assessment of demand and markets, the form and function of urban economies and growth, policy analysis, and evaluation of economic outcomes and effects, including costs and benefits.

I have considerable experience assessing economic costs and benefits of proposed plan changes, district plan reviews, structure plans, resource consents, fast track applications and policy proposals throughout New Zealand. I have been heavily involved in the preparation of HBAs in Rotorua and Queenstown. I have been contracted to provide inputs to (and peer review of) future development strategies. I was the co-author of the Section 32 assessment and Cost Benefit Analysis (CBA) for the proposed NPS-HPL. I was the author of the CBA for the proposed NPS-Indigenous Biodiversity and amendments to the NES - Plantation Forestry.

I have considerable experience carrying out economic assessments within Queenstown Lakes District (QLD) over the last 20 plus years and have been a resident in the district for 10 years. As such, I have a sound knowledge of the district's economic growth pressures and development patterns.

My private sector work in the district has included assessments in relation to plan changes, submissions and appeals in Frankton Flats (Plan Change 19), Remarkables Park (Plan Change 34), the Wakatipu Basin, and Wānaka. I provided economic assessment to support the Silverlight Studios Fast Track (Covid-19 Recovery) consent application. Recently, I have been involved as an expert witness in the Land Valuation Tribunal case regarding RPL's claim for compensation under the Public Works Act 1981 in respect of some Remarkables Park Limited (RPL) land taken by the Queenstown Airport Corporation (QAC) ("Lot 6") . I am also providing evidence for RPL for the change of a covenant that applies to land adjoining the Queenstown Airport.

I am a member of the Queenstown Lakes District Council (QLDC) preferred supplier panel and my work for Council has included (but is not limited to):

- Leading the 2017 and 2020 Business Development Capacity Assessments (BDCA) and the 2017 and 2021 Housing Development Capacity Assessments (HDCA) in accordance with the National Policy Statement on Urban Development Capacity 2016 (NPS-UDC) and the replacement NPD-UD 2020. I developed Council's initial quarterly monitoring reports (as required by the NPS-UDC) which track the supply of housing and business floorspace in the district and a range of market indicators.
- Assessing the district's industrial economy and advising on industrial (and other commercial) zoning for Stage 3 of the Proposed District Plan (PDP) and the proposed variation on the Coneburn Industrial Zone. In addition to supporting the Council through the Stage 3 hearing stream, I have acted on behalf of Council in two appeals in relation to industrial zoning and one appeal on commercial zoning.
- I have contributed to the early economic assessment on Council's intensification plan variation, with a particular focus on the impact of housing intensification on commercial centres.
- I provided economic evidence in relation to commercial zoning on the Te Putahi Ladies Mile Plan Variation.
- I have contributed to the commercial land needs assessment for the proposed Southern Corridor (i.e. Jack's Point Zone) Structure Plan.
- I had an advisory role in the Council's latest HDCA and BDCA modelling.

Savvy is providing economic assessment support to a range of Fast Track applications in the South Island. Natalie is also on the Fast Track Expert Panel for the Taranaki VTM project.

Appendix 2 – GDP Impact vs Wellbeing Framework Example

The following example is tailored to a residential development project. It is a general framework and not all aspects of this framework necessarily apply this this Project. It should be considered in the context of the wider application and supporting documentation.[55]

GDP Impact	Wellbeing Impact
Benefits to Wellbeing	
Increased investment: Construction activity boosts the 'investment' component of GDP	New housing increases the supply of dwellings, potentially improving affordability, choice and living conditions.
Job creation: Employment in construction, engineering, architecture, and related services. Indirect and induced employment creation.	Jobs that are safe, fairly paid and meaningful and allow work-life balance enhance wellbeing. Income generation supports household consumption and reduces underemployment and unemployment.
Infrastructure development: Roads, utilities, and public amenities built alongside housing.	Enhances accessibility, safety, and community cohesion.
Long term consumption: New residents contribute to local economic activity (e.g., retail services).	Supports vibrant communities and local businesses.
Environmental Improvements: Investment improves ecological areas or addresses contamination or risk.	Enhances ecosystem services, human health and enables sterilised land to be utilised.
Costs to Wellbeing	
Increased investment: Defensive expenditure (to offset negative effects of development) are a component of GDP.	While these may mitigate harm, they do not enhance wellbeing. *This is more neutral than a 'cost'.*
Environmental degradation: Not subtracted from GDP.	Loss of rural character, productive land, biodiversity, increased carbon emissions etc can reduce long term health and ecological stability.

[55] Savvy has used AI to help inform and test aspects of this framework.

Job Creation: Employment in construction, engineering, architecture, and related services. Indirect and induced employment creation.	Opportunity cost of the time people spend working (rather than time spent with family, at leisure, on personal development or on community engagement), particularly if work hours are excessive, stressful or poorly compensated.
Resource depletion: Use of material (timber, concrete, energy) adds to GDP.	Unsustainable resource use can threaten future generations access to natural capital.
Urban sprawl and infrastructure strain: More spending on transport and utilities boosts GDP.	Development can lead to traffic congestion, longer commutes, and pressure on public services and infrastructure. Bringing forward or diverting local government funding to address infrastructure may create opportunity costs on other investment or lead to increased rates.
Speculative development: High-value developments inflate GDP.	If housing is unaffordable or left vacant, it doesn't improve social outcomes.

Appendix 3 – Economic Impact Terminology & Assumptions

Multiplier analysis is a commonly used modelling technique for measuring economic impacts. Direct, indirect and induced economic impacts can be estimated using multipliers derived from regional or national input-output tables. Multipliers are summary measures of the economic interdependence between industries and final demand. The contribution of an industry to an economy is not limited to the value it creates directly. This is because an increase in final demand for an industry has repercussions throughout the whole economy, causing increases in output beyond the initial change in demand. This is known as the multiplier effect. The higher the multiplier the more far-reaching the local value added and employment impacts are likely to be from an increase in demand.

The most common limitations of all input-output based modelling (including multiplier analysis) is the historical and fixed nature of multipliers which are typically calculated from input-output tables from surveys undertaken several years earlier. Therefore, they may not accurately reflect the relationships between sectors in the current economy.[56] This assessment relies on the latest national input-output table prepared by StatisticsNZ[57] which reflects the economy in the year ending June 2020. While the construction sector has faced significant cost increases since 2020, it is considered that the supply chain structure of all industry sectors (including the construction sector) is still broadly relevant today.

This assessment includes the following types of economic impacts:

a) Direct effects – which capture onsite and offsite activities directly engaged by the proposed project;

b) Indirect effects – which arise when businesses working directly on the project stimulate the creation of further demand through the purchases that they make in other sectors of the economy; and

[56] In the real world, technical relationships will change over time. These changes are driven by new technologies, relative price shifts, product substitutions and the emergence of new industries. For this reason, input-output analysis is generally regarded as suitable for short-run analysis, where economic systems are unlikely to change greatly from the initial snapshot of data used to generate the base input-output table.

[57] Accessed, with thanks, from Insight Economics.

c) Induced effects – which arise from the increased demand for goods and services made by households who have received increased income as a result of the direct and indirect effects of the project.

These economic impacts have been measured in terms of:

- Contributions to value-added (akin to GDP). Value added is the principal measure of economic activity, and is estimated as operating surplus, wages and salaries paid to staff and working proprietors, depreciation, taxes and subsidies.
- The number of FTEs employed – which is measured in terms of full-time equivalent workers (FTEs) for a 12-month period.
- Total wages and salaries paid to workers, which are often labelled 'gross household incomes'.

Assumptions and Modelling Inputs

For simplicity, Savvy has adopted the multipliers from the following industry sectors contained in the national input-output table (where applicable):

- Design/planning/consents – 100% to the 'Scientific, architectural and engineering services' sector.
- Land development – 100% to the 'Heavy and civil engineering construction' sector.
- Residential construction – 110% to the 'Residential building construction' sector.
- Commercial construction – 100% to the 'Non-residential building construction' sector.

Other key assumptions for the modelling are as follows:

- Anticipated expenditure is deflated to June 2020 prices prior to applying the June 2020 multipliers. This is done using the Producers Price Index.
- Economic impacts are expressed in 2020 dollar and employment terms. It is not appropriate to re-inflate economic impacts to dollars of the day.
- The national multipliers are assumed to represent the multipliers that applied in the Project's district and region in June 2020. That is, it is assumed that industries in the district/regional economy have the same interdependencies with other industries as they do nationally. Savvy acknowledges that using national multipliers is not as accurate as applying multipliers specific to the district/region, such as can be sourced

from multi-regional input-output (MRIO) tables. However, national level multipliers are considered adequate for the purposes of this report.

- All or most direct expenditure on the proposed development, including indirect and induced spending, is assumed to be with business located in the Project's region. That is, 100% (or close to 100%) of the impact is assumed to accrue to the regional economy, with no/limited leakage to other regions. This may slightly overstate regional indirect and induced impacts in particular.

Caveats

These assumed district/region economic impacts apply to the proposed development. It is important to acknowledge that these same or similar impacts would arise from a development of a similar scale and composition in another location in the district or region and are not entirely unique to this proposal/site.

Furthermore, some of these impacts would be a result of expenditure that is transferred from other locations in the district/region. Specifically, if the proposal was not approved for development, one would typically expect that the demand for activities proposed on the site would be satisfied in another location in the same housing market. This means that at a district/region level much of the economic value associated with the proposal may not be net additional or new, as this value would occur regardless of whether the proposed development occurs or not.

That said, to the extent that the proposal addresses a shortfall in zoned capacity in the locality of demand, that may not necessarily be addressed through other planning processes or market based development (including profit driven development) in a timely manner, then more of the economic impact can be considered net additional. This is because a shortfall of zoned capacity in the locality may result in some growth being directed elsewhere (or being suppressed) or delivered in a less efficient, sustainable or affordable manner. In this light, the proposed development can be seen as enabling projected growth.

Development is also contingent on available land in suitable locations for urban growth, landowners willing to develop that land, and landowners having the financial capability and experience to develop – such as the applicant. These combined attributes are rare in any district and do not always align temporally. When these factors do not align, this means that more, rather than less, of the estimated economic impacts can be treated as net additional and specific to the proposal.