

**QLDC Council
18 April 2019****Report for Agenda Item: 4****Department: Planning & Development****Expression of Interest for a special Housing Area: Coneburn Valley – Close to Hanley Downs and Jacks Point****Purpose**

- 1 The purpose of this report is to present the Coneburn Valley Expression of Interest (EOI) for consideration for recommendation to the Minister for Housing and Urban Development (**Minister**) as a Special Housing Area (**SHA**)

Public Excluded (partially)

- 2 It is recommended that Attachment I (Draft Special Housing Area Deed) to this report is considered with the public excluded in accordance with the Local Government Official Information and Meetings Act 1987 section 7(2)(h) on the grounds that the withholding of the information is necessary to enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

Executive Summary

- 3 This report to Council assesses Highlander Trusts Limited Expression of Interest (EOI) against the various criteria of the Council's Housing Accords and Special Housing Areas Act 2013 Implementation Guidelines (the **Lead Policy**). The proposal is for approximately 600 dwellings that will be prefabricated in Dunedin in a purpose built factory that are intended to be built as more affordable houses. The EOI proposal includes a Local Park, walking and cycling trails, and bus stops.
- 4 An offer of least 10% of the residential component of the development has been made to the Queenstown Lakes Community Housing Trust.
- 5 Reporting and peer reviews confirm that at a high level, the land can be serviced for three waters, power and telecommunications. Servicing for stormwater presents the biggest challenge and while a feasible concept has been proposed, this has its risks and further detailed work is required. Safeguards have been provided in the Stakeholder Deed to ensure the final system is effective.
- 6 Vehicle transport infrastructure is limited with only SH6 providing access into the Frankton Flats and Queenstown. The development will access the State Highway via a roundabout that NZTA are not opposed to.
- 7 The Coneburn Valley EOI is contrary to the Operative and Proposed District Plans as it is on land that is zoned Rural General / Large Lot Residential (but is now within the urban growth boundary).

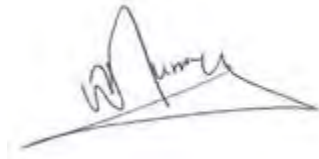
- 8 The EOI is not inconsistent with the Lead Policy, but it will be necessary to update the lead policy to explicitly include the Coneburn SHA. The SHA is in accordance with the Strategic Direction of the Lead Policy.
- 9 This report recommends that Council should approve in principle the recommendation of the Coneburn Valley SHA to the Minister of Housing and Urban Development, subject to the negotiation of a Stakeholder Deed and qualifying development criteria.

Recommendation

10 That Council:

1. **Note** the contents of this report;
2. **Note** that public feedback received has been provided to Councillors separately prior to the meeting;
3. **Amend** the Housing Accords and Special Housing Areas Act 2013 Implementation Guidelines (Lead Policy) to add that part of Lot 1 and 2 DP 475609 shown in the Highlander Trust Limited Expression of interest into Category 2 of the Lead Policy
4. **Approve in principle** the Coneburn Valley EOI for a Special Housing Area
5. **Confirm** that Council agrees with the contents of the draft Highlander Trusts Limited SHA Deed [Attachment I] and delegate to the General Manager, Planning and Development the authority to execute the Deed on behalf of the Council, subject to any minor changes consistent with Council's Lead Policy and infrastructural requirements identified by Council's Chief Engineer.
6. **Recommend** to the Associate Minister of Housing and Urban Development that the land to which the Coneburn Valley EOI relates be established as an SHA, subject to the following:
 - a. execution of the SHA Deed and the performance of any conditions in it; and
 - b. minimum number of sections/dwellings to be built being 450.
7. **Agree**, subject to the proposal being approved being approved as an SHA by the Minister and resource consent being granted for Coneburn Valley proposal and any upgrade requirements being met by the developer, that Queenstown Lakes District Council (QLDC) water supply and wastewater scheme boundaries be extended to allow servicing of the proposed development.

Prepared by:



Werner Murray
Principal Planner

9/04/2019

Reviewed and Authorised by:



Tony Avery
General Manager, Planning
and Development

9/04/2019

Background

11 The purpose of the Housing Accord and Special Housing Areas Act (**the HASHAA**) is:

“is to enhance housing affordability by facilitating an increase in land and housing supply in certain regions or districts, listed in Schedule 1, identified as having housing supply and affordability issues.”

12 Council entered into the Queenstown Lakes District Housing Accord (the Accord) with the Government in 2014, which was subsequently updated on 12 July 2017. The Housing Accord applies District Wide. The Accord “sets out the Government’s and the Council’s commitment to work together to facilitate an increase in land and housing supply, and improve housing affordability and suitability in the Queenstown Lakes-District. The Accord recognises that by working collaboratively the Government and the Council can achieve better housing outcomes for the District. The priorities are:

- The continued development of additional land supply, as quickly as possible, to alleviate pressures in the housing market
- The development of a mix of housing types that are aligned with the Council’s intended plan for residential development to be more affordable, of medium density, closer to key central areas, and on good public transport routes”.

13 On 26 October 2017 and 28 June 2018 the Council adopted an amended Lead Policy to guide the Council’s implementation of the HASHAA. Nine SHAs have been recommended by Council and approved by the Minister as shown in the table below:

SHAs Approved by the Minister and Consented		Consent
Bridesdale Farm	134 (+ 2 existing dwellings)	SH150001
Arrowtown Retirement Village	195 apartments + aged bed care facility	SH160141
Onslow Road	21	Amalgamated into SH160140 (QCB)
Arthurs Point (Bullendale Stage 1)	88	SH160143
Shotover Country	101	SH160139
Queenstown Country Club (QCB)	332 villas + 14 sections + aged bed care facility	SH160140
<i>Business Mixed Use Zone</i>	143	<i>SH160147 (no longer going ahead as an SHA)</i>
TOTAL CONSENTED (7)	885 + 2 aged bed care (BMUZ not included)	

SHAs Approved by the Minister but not yet consented	
Arthurs Point (Bullendale Stage 2)	92 (approx. 9 sections to the Trust)
Total (1)	92

SHAs 'approved by QLDC in principle' with the Minister	
Bright Sky – Wanaka	281 (approx. 28 sections to the Trust)
Hawea (Universal Developments)	400 (approx. 40 sections to the Trust)
Total (2)	681

Table 1: Queenstown lakes District Council SHAs

- 14 As the table illustrates, these SHAs will deliver a yield of approximately 1,658 residential units, thus contributing significantly to the Council's obligations under the Accord.
- 15 Six of the nine SHAs that have been approved by the Minister are under construction (Gorge Road and Bullendale Stage 2 are the exceptions). On 14 March 2019 the SHAs have resulted in 301 residential units having building consent. Allowing three people per household, this means housing for approximately 903 residents has already been directly provided through SHAs.
- 16 Other possible SHAs include:
- Flints Park, 153-207 houses/units on northern side of Ladies Mile. EOI proposal to go to 18 April Full Council meeting.
 - Glenpanel East, 156 units on northern side of Ladies Mile. EOI proposal to go to 18 April Full Council meeting.
 - Laurel Hills, 156 units on Ladies Mile. EOI proposal to be reconsidered at 18 April Full Council meeting.
 - Coneburn, 600 dwellings in Coneburn Valley. EOI proposal to be reconsidered at 18 April Full Council meeting
- 17 Applicants within any new Special Housing Areas (SHAs) will have until 16 September 2019 to apply for a resource consent until they are disestablished. Provided the application is lodged before that date, the application may continue through the resource consent process under the HASHAA but must be completed before 16 September 2021 when HASHAA will expire.

Criteria and process for considering SHAs

18 The Council considers each proposed SHA on its own merits. In addition, to the degree of consistency with the Lead Policy, other factors, such as planning and RMA matters, may be relevant to the Council's exercise of discretion to make a recommendation to the Minister. The below process is followed when assessing the EOI:

- Step 1 - An initial review by officers of an EOI to ensure it is consistent with the Council's intent, and there is sufficient information provided to assess it;
- Step 2 - Seek public feedback including statutory agencies and iwi;
- Step 3 - Seek comments from internal Council departments and others as necessary;
- Step 4 - Report to Full Council to consider whether or not to agree in principle the establishment of an SHA;
- Step 5 - Should the EOI be agreed in principle, negotiate an appropriate Stakeholder Deed that fulfils the requirements of the Lead Policy (and other matters that are deemed to be relevant) and any other outstanding matters;
- Step 6 - Council considers the draft Stakeholder Deed and makes a determination on whether or not to recommend the EOI to the Minister as a potential SHA; and
- Step 7 - If a Stakeholder Deed is agreed and signed, the proposed SHA will be recommended to the Minister.

19 Due to the HAASHA process coming to an end all EOIs need to be recommended to the Minister by the end of April 2019. The process that has been followed for the Coneburn EOI has been truncated in order to meet these timeframes. Steps 1 to 3 have been completed, and this report addresses Steps 4, 5 and 6.

20 The EOI for the proposed Coneburn Valley EOI was formally received by Council on 13 March 2019, and Public feedback was sought from 13 March 2019 to 11 April 2019. This feedback has been circulated to Councillors.

The housing affordability problem in the Queenstown Lakes District

21 The analysis of median house price to median annual household income in Figure 1 below over December 2016 to December 2018 (the latest figures available) shows increasing rates of unaffordability for the Queenstown Lakes district. It shows that affordability relative to income has decreased significantly over the past three years in the Queenstown Lakes district. An accepted median multiple of 3.0 or less is considered to be a "good" marker for housing affordability. All areas are sitting above this level and the Queenstown Lakes district is the most unaffordable in New Zealand at over 13.

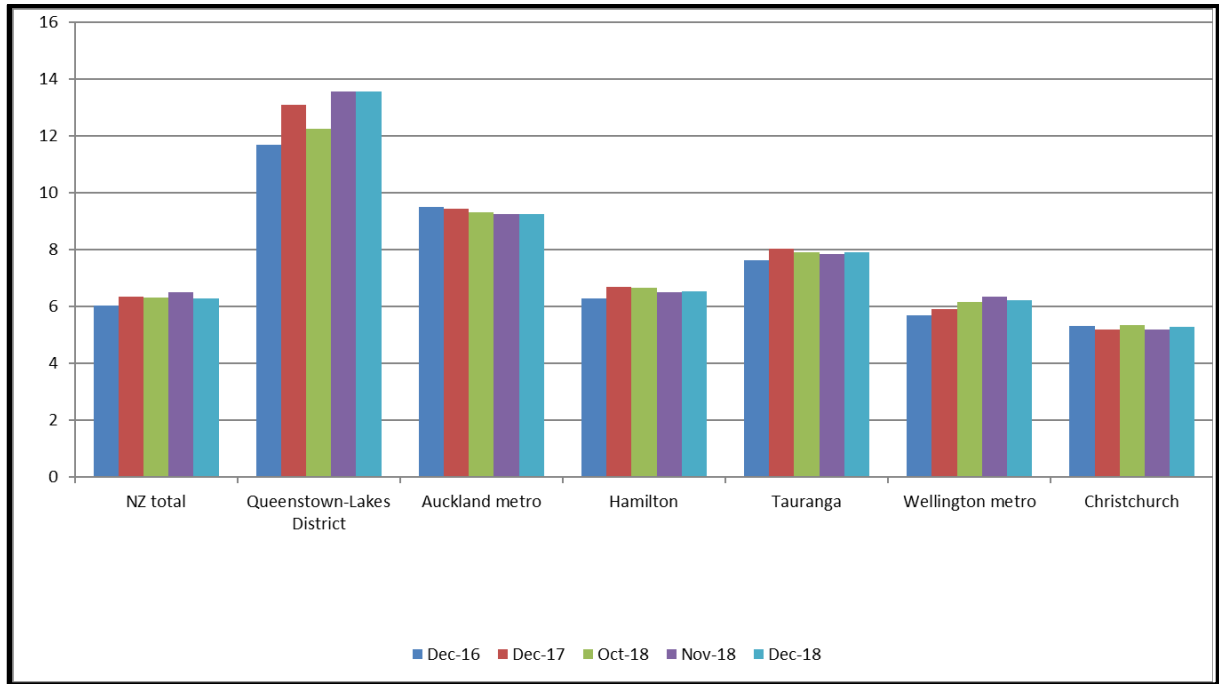


Figure 1: Multiples of median annual household income¹ to median house price

22 It is noted the median house price multiple and average rent figures above are for the whole Queenstown Lakes district, and Queenstown itself is typically the highest priced in the district, meaning Queenstown specific figures may be higher than these medians and averages.

The supply of land for housing in Queenstown

- 23 As part of the requirements for the National Policy Statement on Urban Development Capacity (NPS-UDC), the Council is required to prepare a housing capacity assessment. This was reported to Council's Planning and Strategy committee on 10 May 2018.
- 24 The analysis of demand and feasible plan enabled capacity for housing shows that the Proposed District Plan and Operative District plan (where relevant) are able to meet all the requirements under the National Policy Statement in terms of total feasible development capacity for growth for the next 30 years. These results are based on a number of assumptions and will need to be subject to monitoring. The delivery of houses through infill and redevelopment will only make up a small portion of the new housing stock, noting that increased densities have been promoted in the Proposed District Plan that encourage this form of development.
- 25 The analysis across different price bands shows a shortfall of feasible capacity in the lower band priced housing. The analysis suggests the plans provides capacity for the market to provide a substantial share of the shortfall of houses in the lower

¹ Median house prices as reported by REINZ. The household income for a standard household is made from one full time male median income, 50% of one female median income, both in the 30-34 age range, plus the Working for Families income support they are entitled to receive under that program. This standardised household is assumed to have one 5 year old child. Incomes are before tax and retrieved from the Statistics NZ / IRD LEEDS income series. LEEDS data are subject to revision.

to medium price bracket. However, because of high demand and the potential for developers to sell houses at much higher prices the market is not delivering these dwellings. The Coneburn Valley EOI will deliver housing that is likely to fall into the lower band priced housing.

- 26 While the Council has done its part in ensuring enough land is zoned, it cannot be predicted when this will be developed or come to the market. The 23 June 2017 Full Council agenda item on whether to add the Ladies Mile into the Lead Policy noted that the issue is not the shortage of zoned land, but rather the low uptake of land that is zoned for development. Large zoned areas of Queenstown such as on the Kelvin Peninsula and Remarkables Park are only slowly being developed for residential housing, and both zones have been in place for around 20 years.

Description of EOI

- 27 The EOI for the proposed Coneburn Valley SHA was submitted to Council on the 13 March 2019. The proposal comprises of a residential development that includes the provision of roads, footpaths cycle ways, and reserves. The site is located at 436 Kingston Road, Kingston Rural. The total area of the site is approximately 48 hectares and is located between Frankton and Hanley Downs/Jacks Point urban areas, opposite the Coneburn Industrial Zone. The proposal site is indicated in red on Figure 2 below:



Figure 2: Location of Coneburn Valley SHA

- 28 The Operative District Plan zoning over the site has largely been superseded by the Proposed District Plan Stage 1 (PDP), although the policy framework for

Chapter 41 (Jacks Point) is under appeal. Under the PDP, the site is zoned Jacks Point – Open Space Landscape Activity Area (OSL); refer Figure 2 below.

The Jacks Point Zone provides for residential, rural living, commercial, community and visitor accommodation in a high quality sustainable environment comprising residential areas, two mixed use villages and a variety of recreation opportunities and community benefits including access to public open space and amenities.

- 29 The strategic direction of the recent District Plan review, indicates that this site has strong credentials for urban development, being that it is located within the Urban Growth Boundary and not located within an area identified as Outstanding Natural Landscape as shown in Figure 3 below. Given the site sits between existing urban areas to the south and north, the applicant is of the view that development in this area would represent consolidation of the existing urban form rather than urban sprawl. In this respect, it has advantages over alternatives that may seek to extend the distance covered by Council infrastructure and travelled by residents beyond the current urban footprint.



Figure 3: Site context: showing proposed Development in the Coneburn Valley and the Urban Growth Boundary

- 30 The site is located in a broader area where liquefaction is possible however the exact location of the site has been selected based on Geotechnical parameters where residential development of the site is feasible from a geotechnical perspective.
- 31 In summary the proposal will be predominantly residential and involves the construction of 600 dwellings (these numbers will be subject to final resource consent). This is a large undertaking and will be undertaken over 5 - 7 stages. The first stage will be under construction within the first two (2) years after the Minister grants approval and then each subsequent stage will be commenced in two (2) year intervals.

- 32 The Lead Policy requires a 10% contribution of the developable land area to the Queenstown Lakes Community Housing Trust (QLCHT). The developer has confirmed that they will satisfy the affordable housing requirements of the Lead Policy, resulting in approximately 60 sections for the QLCHT.
- 33 The proposal also includes the vesting of reserves and roads with Council.
- 34 The proposed indicative roading layout and housing and reserve locations are shown in Figure 4. It is noted the EOI is already quite detailed, however the consideration of the suitability of the roading network, design and scale of development would be thoroughly addressed through the resource consent stage.
- 35 It is important to note that Council is not being asked to assess the details of the proposal like a resource consent, but rather determine at a high level whether it would recommend the EOI to the Minister as a potential Special Housing Area. The detailed assessment will occur when subdivision and resource consents are submitted.

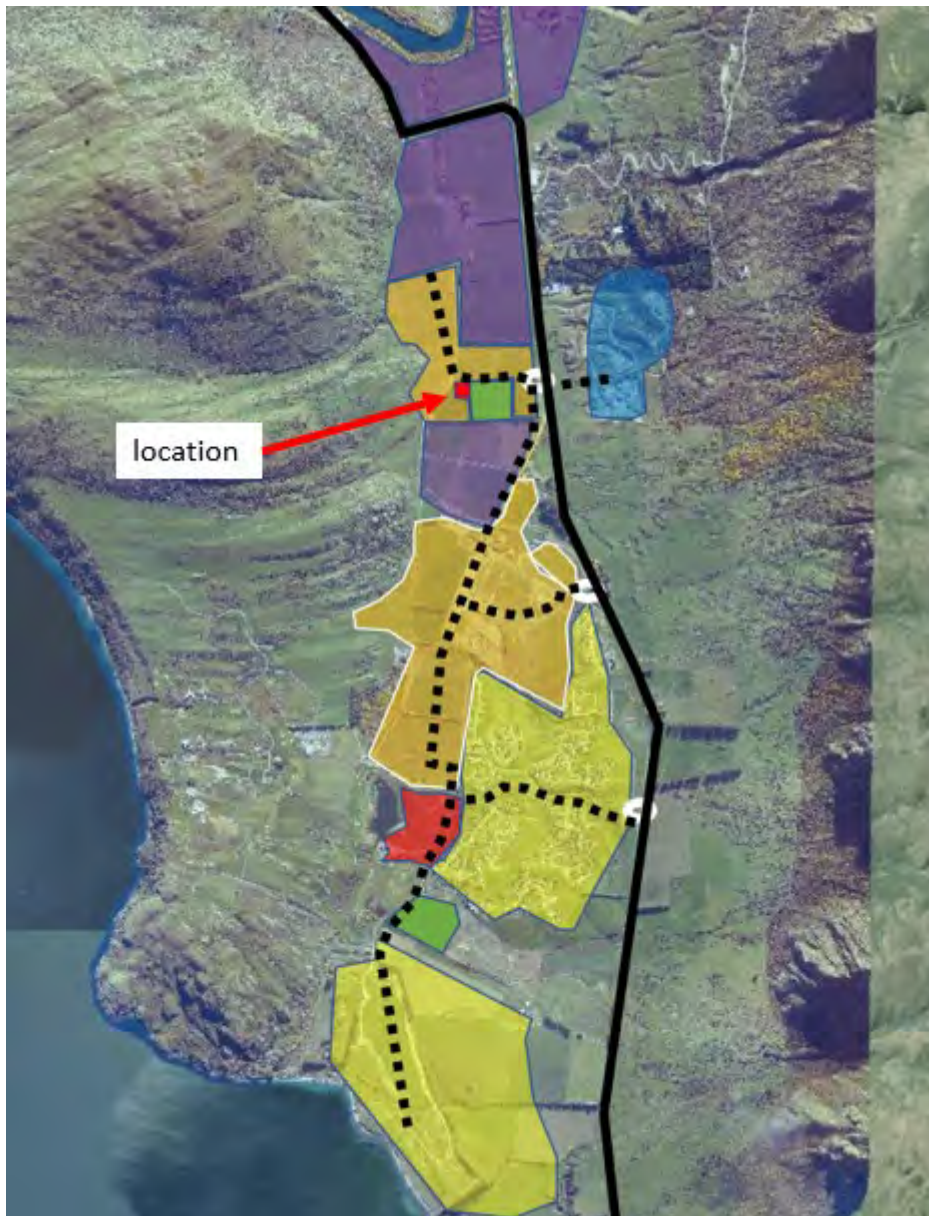


Figure 4: Overall site context showing proposed roading and reserve layout (dark green), and connectivity to the broader Coneburn Valley

- 36 The EOI comprises of concept design plans and images of the Coneburn SHA, with supporting assessments from a planner, urban designer and engineers. The EOI forms part of Attachment A. The appendices to the EOI are not included in the published version of the agenda but are available on the Council's website: <https://www.qldc.govt.nz/your-council/your-views/coneburn-special-housing-area/>

Councils Lead Policy on SHAs

- 37 The developer has undertaken a review of the proposal against the Lead Policy. It should be noted that consideration of the Lead Policy is not a 'tick box' exercise – whilst important the Lead Policy provides a frame work of relevant considerations for the Council to assess proposed SHAs, other factors, such as planning and RMA matters may be relevant to the Council's exercise of discretion to make a recommendation to the Minister. These still need to be considered in the context of the HASHAA's purpose of increasing housing supply. Full discretion lies with Council on whether or not to recommend an area to the Minister to be a SHA.
- 38 The High Court in *Ayrburn Farm Developments Ltd v Queenstown Lakes District Council* [2016] NZHC 693 noted:
- "...although the purpose of HASHAA is to enhance housing affordability by increasing land supply, the Act simply does not roll out a blank canvas for development. Despite the general thrust of submissions advanced before me on behalf of Ayrburn, the HASHAA does not set up a regime in which every area of land that meets the listed criteria (i.e. infrastructure availability and evidence of demand) must be declared an SHA. Some land in any region simply would not be suitable or appropriate for establishment as an SHA."*²
- 39 The proposal is considered to be generally consistent with the principles espoused in the Lead Policy. An assessment of the criteria for recommending a SHA to Government is set out further below:

Assessment of the Lead Policy's criteria

Location & Strategic Direction (Point 3.1 & 3.2 of the Lead Policy)

- 40 Operative District Plan zoning over the site has largely been superseded by the Proposed District Plan, Under the PDP, the site is zoned Jacks Point – Open Space Landscape Activity Area (OSL).
- 41 The Lead Policy is consistent with the strategic direction set out in the PDP. In particular, Strategic Direction 3.2.2 of the PDP specifies:
- Ensure urban development occurs in a logical manner:*
- *to promote a compact, well designed and integrated urban form;*
 - *to manage the cost of Council infrastructure; and*

² Paragraph 56: *Ayrburn Farm Developments Ltd v Queenstown Lakes District Council* [2016] NZHC 693

- *to protect the District's rural landscapes from sporadic and sprawling development.*
- *ensure a mix of housing opportunities including access to housing that is more affordable for residents to live in;*
- *contain a high quality network of open spaces and community facilities; and;*
- *be integrated with existing, and planned future, infrastructure.*

42 In particular it emphasises the establishment of SHAs within existing or proposed urban areas that are contained within the urban growth boundaries of the PDP. The entire site is located within the Urban Growth boundary of the PDP. Strategic Policy 3.3.13 of the PDP states:

- *Apply Urban Growth Boundaries (UGBs) around the urban areas in the Wakatipu Basin (including Jack's Point), Wanaka and Lake Hawea Township.*
- *Apply provisions that enable urban development within the UGBs and avoid urban development outside of the UGBs.*

43 The above PDP strategic direction is consistent with the 3.2 of the Lead Policy that states:

This includes establishing special housing areas within existing urban areas, or proposed urban areas in the Proposed District Plan, including those that are anticipated to fall within urban growth boundaries.

44 The developers EOI states that the proposed SHA site is located directly adjacent to the existing urban edge of Jacks Point and Hanley Downs and within easy distance to Frankton. As part of the Coneburn Valley floor nestled between the ONLs of the Remarkables and Peninsula Hill, the site represents a logical and ideal place for urban development.

45 The concept plan illustrates the internal street and trail network, and the integration plan shows how the site will connect with Jacks Point and Frankton. Detailed design consideration will ensure a well-planned subdivision. The master-planned and integrated nature of the proposal ensures it will not result in sporadic or sprawling development. Given the site sits between existing urban areas to the south and north, the developer is of the opinion that development in this area would represent consolidation of the existing urban form rather than urban sprawl. In this respect, it has advantages over alternatives that may seek to extend the distance covered by Council infrastructure and travelled by residents beyond the current urban footprint.

46 The developers EOI notes that the site is not located on or adjacent to any sensitive natural environment or within the ONL. As a result, the proposal is considered to be ideally located for SHA purposes, particularly as the majority of the site that built form is proposed is located within the Low Density Residential Zone of the PDP.

47 Notwithstanding the above, any qualifying development application will need to be supported by a landscape assessment.

- 48 The Lead Policy identifies areas that are suitable for the establishment of Special Housing Areas and groups these areas of land into three categories. Category 2: *May be suitable for the establishment of special housing areas*, would need to be amended as a result of this EOI to include:

Coneburn Valley

That part of Lot 1 and 2 DP 475609 contained within the Highlander Trusts Limited Expression of Interest for a Special Housing Area.

Infrastructure (Point 3.3)

- 49 Wastewater and water assessment has been prepared for the developer by Stantec, and a stormwater assessment was prepared by Fluent Solutions. These reports form part of the EOI. Holmes Consulting undertook a peer review of the Infrastructure feasibility and they confirm the development can be serviced. Holmes Consulting also confirmed that there are a number of feasible options and identified the Council preferred options. These options have been included in the Coneburn Special Housing Area Deed, and some decisions around servicing and funding of that servicing is addressed in the Draft Deed between Council and the developer. If Council agree with the establishment of the SHA in principal then a Deed will be finalised in a manner that secures the infrastructure requirements.
- 50 As with all developments in SHAs, there will be an ongoing cost to Council in maintaining any vested services or reticulation constructed to service the development, but the Developer otherwise agrees to fund the planning and construction of necessary infrastructure.
- 51 Holmes Consulting Group has undertaken a Three Waters Review of the information submitted as part of the EOI. This report is contained in **Attachment C**.

Wastewater

- 52 Stantec have estimated an average daily flow of 5.2L/s from the Coneburn SHA, with a peak wet weather flow of 26.0 L/s. These figures are based on 600 residential lots. Council's peer reviewer of the infrastructure report considers that appropriate criteria have been used to estimate wastewater flows.
- 53 The Hanley's Farm wastewater pump station is located to the south of the SHA, and was designed to receive wastewater from a maximum of 2,800 residential lots at Hanley's Farm and Jacks Point. The pump station is expected to be vested with QLDC when completed in the first quarter of 2019.
- 54 A 450mm diameter QLDC rising main runs through the proposed SHA site. The rising main conveys wastewater from the Hanley's Farm wastewater pump station and over the Kwarau River Bridge, where it converges with the pumping main from the Willow Place pump station and currently discharges into Frankton Beach pump station.
- 55 Both the rising main and Hanley's Farm pump station were designed for a peak flow of 122 L/s, which is the maximum flow contribution from the planned 2,800 lots

at Hanley's Farm and Jacks Point. There is no spare capacity within the rising main or pump station for the proposed Coneburn SHA, unless upgrades are undertaken.

- 56 The preferred option for wastewater servicing, is a new pump station at Coneburn SHA, crossing the Kawarau River and a new rising main discharging to the into Project Shotover disposal area. This option provides the greatest future flexibility for development in the area.
- 57 An alternative solution would be to buffer flows from the development and discharge to Hanley's Farm pump station outside of peak times. Upgrades to Hanley's Farm pump station are likely to be required.
- 58 Modelling is required to be undertaken to determine the feasibility of upgrading the Hanley's Farm pump station and/or rising main. Dependent on the results of the modelling, either option could be pursued.
- 59 As an interim solution to the discharge of wastewater for Coneburn SHA, wastewater servicing could involve connecting into the Jack's Point Hanleys Farm wastewater main until such time as this capacity is required by Jacks Point and Hanleys Farm. This interim solution would allow development under the SHA to commence while the best option for wastewater servicing is finalised.

Potable water

- 60 Stantec have estimated a water demand of 6.9 L/s (average daily flow), with a peak daily flow of 13.9 L/s and a peak hourly flow of 27.8 L/s. The water demand assessments are based on the same criteria used in modelling for Hanley's Farm.
- 61 An existing water trunk main (500 mm diameter) from the Kelvin Heights Water Scheme runs through the site, and supplies water to Hanley's Farm. The pipeline is designed for 2,000 lots, but this capacity is already committed to Hanley's Farm and Jacks Point developments.
- 62 Given demand that will be created by the Coneburn SHA, and the above constraints Council's preferred option for providing potable water to the Coneburn SHA is to construct a new reservoir in the Hanley Farms region that could supply peak flows to the Coneburn SHA, Jacks Point and Hanley's Farm. This reservoir would be supplied from the existing bulk water main via a new booster pump station, with a falling main to supply Coneburn SHA. Modelling is required to confirm the reservoir sizing. The deed has been prepared to reflect this.

Stormwater

- 63 The site receives runoff from the western face of the Remarkables, from catchments on Peninsula Hill and via Woolshed Creek. The site is subject to flood flows down Woolshed Creek and from local streams down the alluvial fan above the Coneburn SHA site. Woolshed Creek discharges to the Kawarau River.
- 64 Fluent Solutions have proposed the following works to manage stormwater runoff and flood risk:

- 35 m wide flood corridor for Woolshed Creek, with a flow capacity of approximately 47 m³/s
- Three additional floodway corridors within the SHA site to manage flood flows. These floodway corridors would convey runoff to Woolshed Creek, receive runoff from the flood diversion mounds and collect subsoil drainage from the lower parts of the site.
- Two stormwater treatment ponds are proposed, to improve stormwater quality prior to discharge to Woolshed Creek. No attenuation is proposed (i.e. ponds would have a treatment function only). Each pond would have an outlet structure to control outflows to Woolshed Creek from the ponds.

65 With the above stormwater treatments installed the Homes Consulting peer review report confirms that the stormwater can be treated on site. The Holmes report recommends that further modelling be undertaken through detailed design to confirm flood flows and sizing of hydraulic structures and flood corridors. The deed has been prepared to reflect this.

Traffic

66 A traffic assessment provided by the developer was prepared by WSP Opus. The proposed Coneburn residential development would be located on the west side of SH6. There is an access on the east side of SH6 which is proposed to eventually provide access to an industrial development, known as 'Coneburn Industrial'. Currently the access is gated and is formed for only a short length before reverting to a dirt track.

67 The proposed SHA will gain primary access to SH6 via a proposed roundabout on SH6. This could be a four-arm roundabout providing access to both the west and east, aligned with the centreline of SH6.

68 Following acceptance of the SHA proposal further assessment of the roundabout would be required, including traffic generation, traffic modelling and conceptual design to determine the most appropriate roundabout layout for now and into the future. The deed has been prepared to reflect this.

69 The developer is proposing a subdivision layout that will provide strong street and trail connections to ensure a legible development that is integrated with Jacks Point and Hanley Downs and provide for connections northward towards Frankton. This will allow for future opportunity to extend a shared pedestrian/cycle link from Jack's Point through the site towards Frankton. The Concept Plan shows where the development intends to connect to the trail network and it is strongly recommended that engagement with stakeholders occurs to secure the link over the parcel of land where there will be a gap of only 18m in the trail for best and logical integration and connectivity outcomes. The deed has been prepared to reflect this.

70 Bus route 4 (Jacks Point to Lake Hayes Estate) travels north-south along SH6. WSP Opus have stated that the Transport Agency, along with its collaborative working partners, Otago Regional Council and Queenstown Lakes District Council, are currently assessing the future (2028 and 2048) public transport demand. This

will likely see an increase in bus frequency and potential ferry services from Woolshed Bay and/or Homestead Bay depending on ease of access.

- 71 Overall, WSP Opus conclude that the proposal can be supported from a transport perspective. The development cost of the necessary upgrades will be borne by the developer.

Geotechnical Investigation

- 72 Geosolve have undertaken a preliminary geotechnical investigations and their report formed part of the EOI. The site is in an area designated as having alluvial fan and liquefaction hazard risk. Geosolve's assessment indicates residential development of the site is feasible from a geotechnical perspective. Further geotechnical assessment is recommended to support final development plans and resource consent applications.

Power and Telecommunications

- 73 These services are already present in the locality and it is not anticipated that there would be any difficulty providing these to the site.

- 74 Overall, it is feasible that the proposed development can be provided with the necessary infrastructure subject to various works being undertaken. These matters can be secured through a Stakeholder Deed, including contingencies to protect Council and require the developer to provide the necessary infrastructure if the assessments provided do not prove accurate.

Community Infrastructure

- 75 The proposal includes several areas that have been identified as recreation reserve, along with a large central reserve shown to be around 2 hectares. This is consistent with the definition of a 'Community Park' as identified in the QLDC Parks and Open Space Strategy (2017). A Community Park is required in greenfield developments where there are 2000 household units or more. Council's Park and Reserves department has reviewed the application and commented that the amount of proposed reserve land is sufficient and if well designed it will provide for a range of potential recreational experiences and open space uses. Any further detailed design relating to community infrastructure can be done at consent stage.

Affordability and Affordable Housing Contribution (Point 3.4, and 3.5 of the Lead Policy)

- 76 The Lead Policy puts the onus on the developer to identify mechanisms to ensure that housing developed in a special housing area addresses the district's housing affordability issues.
- 77 The EOI would help to address housing affordability generally by increasing supply in the district by providing for up to 600 smaller and more affordable additional sections / units. The EOI focuses on "affordability by design". The EOI states that this notion hinges on a number of design and locational attributes:

- Compact section sizes comprising of 120m² (excluding garage) three (3) bedroom houses on approximately 500m² sections and approximately 85m² 2½ bedroom homes on sites of around 300m².
- Compact, but well designed, houses that will utilise savings afforded by off-site manufacturing (OSM) with the assembly of houses outside of the district and then transported to site and placed on pile foundations. Such a methodology allows for a number of efficiencies including the ability to rely on labour outside of the local construction industry, which is already operating near or at capacity;
- Houses that, as far as possible, utilise passive solar heating approaches to minimise winter heating bills;
- The applicant proposes to investigate how long-term affordability could be achieved by reducing ongoing operating costs for homeowners and renters by (for example) installing solar water heating and/or rainwater collection options.

78 The developer has confirmed they will satisfy the affordable housing requirements of the Lead Policy. If the EOI is accepted, the details of this will be negotiated and form part of the final Deed that will be recommended to the Minister. The developer has confirmed that at least 10% of the residential component of the development is identified for affordable housing, to go to the Queenstown Lakes Community Housing Trust.

79 The proposed SHA is not to be used for visitor accommodation purposes. The developer has confirmed that they are happy to enter into an agreement that the SHA will not be used for this purpose. Clauses have been added to the Draft Deed to restrict the proposed SHA being used for short term rental/visitor accommodation, as identified by section 3.4 of the Lead Policy.

Community Feedback

80 HASHAA does not set any statutory responsibilities in terms of consultation on the establishment of SHAs. However, the Council has sought public feedback / comment regarding the proposed SHA, which it has done for all SHA proposals. In addition, should the SHA be established, the consent authority may request the written approval of adjoining land owners if they are deemed to be affected and may undertake a limited notification resource consent process.

81 The EOI was placed on the Council's website on the 13 March 2019, which is consistent with how other SHAs were considered. This process calls for feedback/comment to the Mayor and Councillors and closes on the 11 April 2019. Feedback will be collated and provided to Councillors and made public prior to the Council meeting on the 18 April 2019.

Quality and Design Outcomes (Point 3.7 of the Lead Policy)

82 The EOI includes an urban design review that assesses the proposal against Attachment C – Quality and Design Outcomes of the Lead Policy. The report concludes that, overall the proposed Concept Plans foster development potential

of the site for residential living purposes whilst still being able to achieve high levels of amenity. A range of housing can be established for a variety of household compositions, which will support the development of a community resiliency and liveability.

- 83 If the development is staged, it is strongly recommend that the recreation reserve and commercial centre be developed in the early stages of the development to ensure implementation for the communities use. Further details of these amenities within these spaces for local community benefit should also be provided, and these can be dealt with in the finalised stakeholder deed.

a. Integrating into the neighbourhood:

The Indicative Masterplan has allowed for the potential connections to be integrated into adjoining sites, while allowing for the ongoing existing land uses to continue with limited reverse sensitivity through the intended placement of reserves and streets along boundaries forming spatial setbacks. With recognition that the site is within the Urban Growth Boundary, the concept plans have allowed for integration into adjoining sites to potentially occur in the future.

b. Creating a place

The streets, blocks and site lot layout ensure for visual connections to the mountains to be retained and responds to hydrology/drainage. Design controls of the built and wider landscaped form, particularly street and reserve trees and roof colour and design will ensure that the overall visual impression of the development from elevated public areas, such as the Kingston Road will produce a consistent visual design language.

c. Street and Home

The EOI proposes to address onsite car parking and the interation between the future dwellings and the public realm. The Urban Design report recommends that either guidelines be established, and/or further design controls be proposed that ensures future dwellings will positively engage with common areas and the public realm inclusive of streets, reserves and open spaces in order to manage the interfaces between the public and private realm. This can be achieved through the resource consent process.

d. Environmental Responsibility

Although some morning and afternoon shade occurs across the site, particularly during the winter months, the site is otherwise well exposed for solar gain to allow for houses to be designed for solar access. The EOI looks at options around the instalment of energy and water efficient devices, reusing, collecting and treating water on-site, these can be further explored at the consent stage.

Timely Development (Point 3.8 of the Lead Policy)

- 84 Production of the dwellings and development works will start shortly after a SHA is approved and a peak of 100 houses per year is expected by year two. The requirement to proceed in a timely manner would form part of the draft Stakeholder

Deed.

Agency Responses

Otago Regional Council (ORC)

85 Correspondence from ORC will be included in **Attachment D**. At the time of writing no formal response has been received from ORC.

Ministry of Education (MoE)

86 The Ministry has recently acquired land for primary school provision within the Hanley Farm development, which will become the local provision for the Coneburn development. Comment from MoE is included in **Attachment E**.

Kai Tahu ki Otago (KTKO) and Te Ao Marama Inc. (TAMI)

87 At the time of writing this report there has not been any formal feedback from Kai Tahu ki Otago (KTKO) and Te Ao Marama Inc. (TAMI). Correspondence from KTKO once received will be contained in **Attachment F**.

New Zealand Transport Agency (NZTA)

88 NZTA has advised (**Attachment G**) that the majority of the proposed SHA is located within the UGB and within a developed area that is serviced by existing bus links. NZTA are supportive in principle of SHA, and are satisfied that the proposal is unlikely to have any immediate adverse effects on the safety, efficiency and functionality of the transport network. NZTA states that the development should provide for a roading layout that supports alternative transport modes, i.e. bus stops, walking and cycling. Therefore, it is recommended that at the time a resource consent is lodged that the developer lodge a roading layout that is of sufficient width to safely and efficiently accommodate bus routes through the development and to accommodate significant volumes of vehicular traffic generated from neighbouring developments.

Queenstown Trails Trust (QTT)

89 The QTT note (**Attachment H**) that easements for a direct North to South route between Frankton and Jacks Point for Active Travel should be a condition placed on approval of this SHA. The Deed has been written to include the provision of the appropriate cycle and pedestrian access within the site to meet QTT recommendations.

Planning Considerations

90 When the Minister considers a recommendation from a local authority to establish a particular area as a SHA, the Minister is required to consider whether:

- *adequate infrastructure to service qualifying developments in the proposed special housing area either exists or is likely to exist, having regard to relevant local planning documents, strategies, and policies, and any other relevant information; and*

- *there is evidence of demand to create qualifying developments in specific areas of the scheduled region or district; and*
- *there will be demand for residential housing in the proposed special housing area.*

91 Other than (by extension) considering these matters, HASHAA provides no guidance by way of specified criteria on what other matters local authorities may consider when deciding whether or not to make a recommendation to the Minister on potential SHAs. In particular, it does not indicate whether it is appropriate to consider 'planning issues', such as landscape, district plan provisions, and previous Environment Court decisions.

92 However, the High Court in *Ayrburn Farm Developments Ltd v Queenstown Lakes District Council* [2016] NZHC 693 confirmed that:

*"...the HASHAA gave both the Minister and a local authority a discretion and, clearly, the actual location of areas of land to be recommended (and to that extent what could be described as planning or RMA matters) were always appropriate considerations in any such recommendation"*³.

93 This decision confirmed the legal advice provided previously by Council's lawyers that planning considerations are relevant matters for Council to consider when deciding whether to recommend a potential SHA to the Minister. However, while these considerations are relevant, Council's decision-making should remain focussed on the purpose and requirements of HASHAA and how to best achieve the targets in the Housing Accord. While the weight to be afforded to any consideration – including the local planning context – is at the Council's discretion, HASHAA considerations are generally considered to carry more weight. The purpose of HASHAA has been set out in paragraph 10 of this report.

94 To this effect, targets have been set in the Housing Accord that Council has agreed with the Minister to meet.

95 In theory, all or most proposed SHAs are likely to be contrary to an ODP / PDP provision – an EOI would not be made for a permitted or a controlled activity. Therefore, a logical approach is to consider which plan provisions may have greater significance and which may therefore need to be given greater consideration.

Urban Growth Boundary (UGB) and Landscape Matters

96 The proposed residential development on the site is located within the proposed UGB of the PDP. UGBs have several purposes, not just protecting the 'edge' of urban areas. They also seek to ensure a distinction between urban and rural land uses, whether near town edges or not, and seek to discourage urban development in the countryside.

97 The developer is committed to a comprehensive and well considered design response that seeks to respond sensitively to the built and landscape character of

³ Paragraph 56

the area. The acceptability of the proposed setbacks and mitigation measures will be assessed in detail as part of the resource consent application.

- 98 Conferring SHA status for the site only enables the potential for development. SHA status, in itself, does not guarantee applications for qualifying developments will be approved, and planning matters (including UGBs, character / amenity and landscape issues) are a relevant and explicit consideration at the resource consent application stage as second, third and fourth tier considerations under HASHAA.

Conclusion

- 99 In recommending the SHA to the Minister the Council has to be satisfied that the proposal is generally consistent with the principles espoused in the Lead Policy. The land is within the proposed Urban Growth Boundary under the PDP. Council's Lead Policy needs to be adjusted to provide for this site within Council's categorisation of land as a Category 2 area to reflect this. The proposal a mixture of different sizes sized dwellings. Council's Infrastructure Department have confirmed that the proposal is acceptable in principle, subject to upgrades being provided for through the Stakeholder Deeds.

Options

- 100 Option 1: Accept in principle the establishment of the Coneburn Valley SHA subject to the finalisation of a Stakeholder Deed.

Advantages:

- 101 Helps contribute to achieving the purpose of the HASHAA, advancing the principles and priority actions in the Housing Accord, and in particular helps the Council achieve the housing targets in the Housing Accord by enabling new housing aimed at first time home owners to be constructed.
- 102 Generates a number of social and economic benefits (both short term and long term) such as the creation of jobs during the construction phase and long term benefits relating to the increased provision of the supply of a range of houses;
- 103 Contributes to community housing in the district via a condition for an agreement with the QLCHT to be entered into; and
- 104 Provides the opportunity for the draft Stakeholder Deed to be finalised ensuring that the proposal is consistent with the Lead Policy
- 105 Can be appropriately serviced, and will contribute to more efficient servicing of the part of land between Frankton and Homestead bay, thus reducing the overall risks to Council.
- 106 The proposal is considered to be generally consistent with the Council's Lead Policy, due to the majority of the site being located within the UGB.
- 107 Provides for arterial routes and pedestrian/cycle trails between established urban areas of Jacks Point and Frankton.

108 Provides roundabout access to the already established Coneburn industrial area.

109 Provides for appropriate opportunity to establish community facilities

110 Makes use of the capacity in the State Highway network, that has been created with the construction of the Kawarau Falls Bridge at Frankton.

Disadvantages:

111 Less public participation (submissions and appeals) under a HASHAA consent than a RMA consent.

112 Aspects of the proposal are considered to be inconsistent with the PDP zoning, due to it being located in the Open Space Landscape Activity Area of the Jacks Point Zone, which promotes land to not be substantially occupied by buildings that can provide benefits to the general public as an area of visual, cultural, educational, or recreational amenity values.

113 Option 2: Not recommend the proposed Special Housing Area to the Minister

Advantages:

114 Would require the developer to seek consent under the RMA rather than HASHAA, with the RMA having greater opportunities for public submission and appeal.

Disadvantages:

115 Would forgo the opportunity of providing a housing option in the District and potentially adversely impacting on Council's ability to meet its commitments under the accord.

116 Would forgo the short term and long term social and economic benefits offered by the proposed (outlined above).

117 Would require the developers to undertake a private plan change under the RMA, which could take years to complete.

118 Would not assist in meeting Housing Accord targets.

119 Would not result in a 10% contribution to the QLCHT.

120 This report recommends **Option 1** for addressing the matter.

Significance and Engagement

121 This matter is of high significance, as determined by reference to the Council's Significance and Engagement Policy because:

- Importance: the matter is of high importance to the District. Housing supply and affordability is a significant issue for the District;

- Community interest: the matter is of considerable interest to the community
- Existing policy and strategy: The proposal is considered consistent with the Housing Accord, and is generally consistent with the Council's Lead Policy, the ODP and PDP. It is noted that the proposal promotes increased levels of density than those anticipated by both the ODP and PDP, and indicates some proposed residential development on Rural zoned land that is located outside the UGB and within the ONL.
- Capability and Capacity: In principle it is accepted that the site can be serviced by existing infrastructure but upgrades are required in terms of water supply and waste water.

Risk

- 122 This matter relates to the Community & Wellbeing risk category. It is associated with RISK00056 'Ineffective provision for the future planning and development needs of the community' as documented in the QLDC Risk Register.
- 123 This matter relates to this risk because the supply of housing is central to the current and future development needs of the community. In this instance it is considered the social and economic benefits towards the provision of housing and land packages that are targeted at first home buyers are met. The subsequent resource consent assessment process under the HASHAA also provides the opportunity for further mitigation of risk.

Financial Implications

- 124 Under the HASHAA, developers are required to provide the necessary infrastructure to service their developments. Council negotiates Stakeholder Deeds to ensure the necessary infrastructure is provided.

Council Policies, Strategies and Bylaws

- 125 The following Council policies, strategies and bylaws were considered:
- Lead Policy for SHAs;
 - The Operative District Plan;
 - The Proposed District Plan;
 - Growth Management Strategy 2007;
 - Housing Our People in our Environment Strategy;
 - Economic Development Strategy;
 - 2016/2017 Annual Plan and the Long Term Plan.

126 The recommended option is generally consistent with strategic direction of the PDP. However, the proposal would result in increased levels of development to that anticipated, but proposes to locate residential development inside the UGB.

127 This matter is generally consistent with the Lead Policy for SHA's with the inclusion of the area as Category 2 land.

Local Government Act 2002 Purpose Provisions

128 This item relates to an amendment to the Council's Lead Policy for Special Housing Areas. The proposed resolution accords with Section 10 of the Local Government Act 2002, in that it fulfils the need for good-quality performance of regulatory functions.

The recommended option:

- Will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses by utilising the HASHAA to enable increased levels of residential development on the proposal site;
- Can partially be implemented through current funding as part of the Queenstown three waters master plan, under the 10-Year Plan and Annual Plan by connecting into planned services;
- Is considered to be generally consistent with the Council's plans and policies; and
- Would alter the intended level of infrastructural service provision undertaken by or on behalf of the Council.

Consultation: Community Views and Preferences

129 HASHAA does not set any statutory responsibilities in terms of consultation on the establishment of SHAs. However, the Council has sought public feedback / comment regarding the proposed SHA, which it has done for all SHA proposals. In addition, should the SHA be established, the consent authority may request the written approval of adjoining land owners if they are deemed to be affected and may undertake a limited notification resource consent process.

130 The persons who are affected by or interested in this matter are neighbours adjoining the proposed SHA site, and more generally the wider population that live to the south of the site and are concerned with traffic implications. There is also likely to be some wider community interest in the EOI in Queenstown, given the high cost of housing across the District.

131 The Council has also provided for community comment/feedback process on the EOI, consistent with how other EOIs were considered. The process calls for feedback to Councillors and closes on 11 April 2019. Feedback will be collated and provided to Councillors and made public prior to the Council meeting on 18 April 2019.

Legal Considerations and Statutory Responsibilities

- 132 HASHAA is the relevant statute with its purpose detailed in paragraph 10 of this report.
- 133 As stated previously, HASHAA provides limited guidance as to the assessment of potential SHAs, beyond housing demand and infrastructure concerns. HASHAA is silent on the relevance of planning considerations; however the Council's legal advice is that these are relevant considerations and this has been confirmed by the recent High Court decision. The weight to be given to these matters is at the Council's discretion, having regard to the overall purpose of HASHAA. These matters have been considered in this report.
- 134 In this instance the provision of houses outweighs the adverse effects of proceeding with a development that promotes increased levels of development anticipated by the District Plan.
- 135 The Proposal would help achieve the purpose of HASHAA. On balance, the recommendation is that the Council recommend the establishment of the SHA to the Minister of Housing.

Attachments

- A Coneburn Valley Expression of Interest
- B Further information supplied by developer
- C Infrastructure Review
- D Agency Response – Otago Regional Council
- E Agency Response – Ministry of Education
- F Agency Response – Kai Tahu ki Otago and Te Ao Marama Inc
- G Agency Response – New Zealand Transport Agency
- H Queenstown Trails Trust comment
- I Highlander Trusts Limited Stakeholder Deed