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Coneburn Valley

Expression of Interest for a Special Housing Area

Highlander Trusts Limited

February 2019

LIST OF ATTACHED DOCUMENTS

Record of Title & Consent Notice

Concept Plans A and B – Paterson Pitts Group

Indicative Renders – Steve Riddle – Landscape Architect

Urban Design Review – Vivian + Espie

Roundabout Feasibility, incorporating discussions with New Zealand Transport Agency – WSP Opus

Confirmation of power supply – PowerNet

Confirmation of telecommunications supply – Chorus

Contaminated sites enquiry – Otago Regional Council

Flood Hazard and Stormwater Infrastructure Feasibility Assessment – Fluent Solutions

Water and Wastewater Infrastructure Feasibility Assessment – Stantec New Zealand Ltd

Geotechnical Review – GeoSolve

Correspondence – Queenstown Trails Trust

Correspondence – Otago Regional Council

Initial correspondence – iwi Authorities

Email sent to Ministry of Education

Executive Summary

Highlander Trusts Limited proposes developing approximately 48 hectares of vacant land adjacent to Jacks Point and Hanly Downs, within the Coneburn Valley, Queenstown, for up to approximately 600 sections, with associated reserves, trails and a local shopping area.

Guided by a comprehensive concept plan, this Expression of Interest (EOI) for a Special Housing Area recognises the Coneburn Valley's landscape characteristics while addressing housing supply and pricing issues in the greater Jacks Point area and wider district.

The site is pastoral land that is relatively flat and adjoins the Jacks Point and Hanley Downs urban area. It is ideally placed to provide for the logical and integrated growth of the Coneburn Valley, with infrastructure available or feasible to provide.

The EOI focuses on providing affordable housing for the Wakatipu market. This is likely to be in the form of affordable housing to rent and / or to buy. The exact price points are not yet settled, but as a preliminary indication, the bulk of sites are likely to be priced at a point that would qualify for the Homestart and Welcome Home programme (and similarly the kiwibuild programme).

The proposed Coneburn Valley development will contribute to an integrated urban area where locals can live, work and play.

The Housing Affordability Challenge

The Queenstown Lakes District is well known for a lack of affordable housing for both buyers and renters. The Queenstown Lakes Community Housing Trust website states:

While there is a steady stream of people willing to move into the District, an unusually high percentage of these people leave the district after 12-18 months. The reasons cited are usually due to the high living costs, with the largest of those being the cost of housing¹.

Lack of affordability for buyers and renters in the district is frequently illustrated by news headlines, such as:

Housing crisis in Central Otago and Queenstown Lakes forces young families out of region – Radio New Zealand 15 November 2018²

'30 people in 7-person space': Queenstown rental chaos – New Zealand Herald, 18 January 2019³

As the Mayoral Housing Affordability Taskforce Report 2017⁴ notes, there is need for both scale and innovation if the district is to address what the report highlights as *'potentially the greatest challenge our District faces'*.

A news article from 4 September 2018 examined whether any properties were available within the HomeStart and Welcome Home Loan programme price caps of \$600,000 for existing homes and \$650,000 for new builds. The writer found three townhouses under \$600,000 and one-bedroom apartment plans from \$449,000 within Queenstown⁵.

House prices in the district can be variable from month to month due to the relatively small numbers of transactions and variable very high value sales. Prices have reportedly decreased recently, possibly due to the 'foreign buyer ban' (Overseas Investment Amendment Act 2018) coming into force from 22 October 2018; with the average asking price in November 2018 falling to \$857,011, down almost 19 percent on October's average of \$1,057,019⁶. However, this may be largely to do with less high property values changing hands during that period. The district still has a limited supply of properties in lower price brackets. There is a shortage of rental properties, needed to serve locals and seasonal workers, and is characterised by a significant supply-demand imbalance which is expected to continue in 2019⁷.

The Government's Housing Accords and Special Housing Areas Act 2013 (HASHAA legislation) and Kiwibuild include the district as an area of interest. The most recent Housing Affordability Measures ('HAM', which measures household income after paying for housing costs for potential first home buyers and renters) released on 12 December 2018 show that affordability for first-home buyers in Queenstown-Lakes **worsened from 85% to 91%** during March 2017 – March 2018. Compared with the national level of 80% (and 84% for Auckland), this means that there is a large share of potential first home buyer households in the district who would have very little income left after paying for housing. Effectively these potential buyers cannot afford a house without significant financial stress.

¹<http://www.qlcht.org.nz/>

²<https://www.radionz.co.nz/news/national/375960/housing-crisis-in-central-otago-and-queenstown-lakes-forces-young-families-out-of-region>

³https://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=12192333

⁴<https://www.gldc.govt.nz/assets/Uploads/Council-Documents/Mayoral-Housing-Affordability-Taskforce/3.-Mayoral-Housing-Affordability-Taskforce-Report-October-2017.pdf>

⁵<https://www.stuff.co.nz/business/property/106634338/what-600k-can-get-firsthome-buyers-in-queenstown>

⁶<https://www.newshub.co.nz/home/money/2018/12/prices-plummet-in-queenstown-after-foreign-buyer-ban-introduced.html>

⁷<https://www.oneroof.co.nz/news/everything-you-need-to-know-about-the-nz-market-right-now-35692>

Rent affordability in the district is currently at **43%** income leftover after housing costs.⁸ By contrast, the national median for rental affordability is 59% and Auckland is 54%. This means that renters in Queenstown have less income available after rent is paid, compared with most other parts of the country.

The shortage of housing stock and resultant high purchase and rental costs has been an ongoing concern for the community for decades. Over this time, the Wakatipu land development market has been characterised by relatively few large-scale players, which has both limited the number of new sections that can be released and the price competition. In parallel with this, a combination of factors including a shortage of available labour has seen construction costs rise in the district in recent years to be expensive compared to national averages⁹.

The district's affordability challenge is not being met by existing zoning. As such, a different approach is required. The use of HASHAA is considered a key part of this solution. The Coneburn Valley proposal provides for both scale and innovation to address the challenge by delivering housing supply at a much-needed price band.

Coneburn Valley

Highlander Trusts Limited proposes developing 48.3 hectares (rounded down to 48ha) of vacant land near Jacks Point, Queenstown, for approximately 600 sections, with associated reserves, trails and a local shopping area. The site is relatively flat in most parts and gently to moderately sloping in some areas. It is located near the Jacks Point and Hanley Downs urban area, and over time may become contiguous with those areas if neighbouring landholdings are developed. It is ideally placed to provide for the logical growth of the Coneburn Valley, with infrastructure available or able to be brought to the site. The site is within easy distance to facilities, shops and employment opportunities in Frankton.

Concept plans are attached which give an indication of how the site can be developed in a coordinated and sustainable manner. The layout options should be treated as indicative and are subject to refinement through detailed design. The layout 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.

Because of the preliminary stage of the project, exactly how the site will be developed is not yet certain. It is however unlikely that there will be a large number of vacant sections sold on the open market. Instead, most sites are likely to be built on and released as completed house and land packages for sale or rent.

Delivering the scale and affordability of housing required for a project of this scale requires a large scale operation. Preliminary plans propose for 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.

The mix of housing types will be to a large extent driven by market demand. Most, if not all, houses will be detached single storey dwellings (due to the building methodologies envisaged). Concepts being investigated include 120m² (excluding garage) three bedroom houses on approximately 500m² sections and approximately 85m² 2 ½ bedroom homes on sites of around 300m². Overall, there is expected to be a mix of typologies including these and other sizes.

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 or rainwater collection.

⁸<https://www.mbie.govt.nz/building-and-energy/tenancy-and-housing/housing-affordability-measure/latest-results-for-the-housing-affordability-measure/>

⁹ <https://www.odt.co.nz/regions/queenstown/labour-pains-queenstown-hotel-developers>

As part of creating a successful community which is likely to include a portion of smaller sites, the applicant recognises the importance of open space provision (both in terms of quality and scale). The concept plans show a large area of parkland that may be suitable for sports facilities (being significantly larger than the minimum amount of land required to be provided for reserve land development contributions).

It is considered that both the subject site and the proposal are exactly the type of initiative the HASHAA legislation and SHA process were developed to enable.

Consultation

Highlander Trusts Limited and its consultants have had initial discussions with, or sought feedback from:

- Queenstown Trails Trust (letter attached)
- NZTA (via WSP Opus letter attached)
- Otago Regional Council (correspondence attached)
- Ministry of Education (email attached)
- Aukaha and Te Ao Marama (initial email correspondence attached)

Further consultation is anticipated throughout the early stages of the proposal.

Highlander Trusts Limited

This Expression of Interest is being lodged by Highlander Trusts Limited. The sole director of this company is Don MacLachlan, and it is owned by his family trust, The MacLachlan Family Trust.

Don is originally from Otago and earlier in his life lived in Queenstown. He continues to own property in the Wakatipu and spends a large portion of his time here. Like many people with a long standing association with the District, Don is very concerned about the housing and transport issues facing the community and part of the motivation for entering into this project is to make a contribution toward addressing this problem.

Don's career was established with an Accountancy degree from Otago University which lead him initially into investment banking. For the last 30 years he has been involved in a variety of businesses including forestry, sawmilling, manufacturing of wood products, trucking & heavy haulage and telecommunications. He has also successfully undertaken a large residential subdivision in Palmerston North and built a high-rise apartment complex in Central Auckland. His experience in forestry and manufacturing of wood products has given him specialist knowledge and experience in establishing factories and managing production lines. He saw an opportunity to take that experience into off-site manufacturing of housing and saw particular opportunities for such a project in the Queenstown market.

Initially Don investigated working with existing developers, but concluded that it was better to control and comprehensively develop a piece of land using the housing construction methodologies he envisages. For the project to succeed in delivering housing at the price points anticipated, a large site acquired at an affordable price was required. Don began looking at residentially zoned land and land in areas already earmarked for development in the SHA Lead Policy (i.e. Ladies Mile) but was unable to find land that met these criteria. He engaged planning advice to identify other sites that may be suitable and was advised to look at the Coneburn Valley site given the conclusions of the recent District Plan review, which had indicated this site has strong credentials for urban development. Don began discussions with the landowner and reached an agreement to purchase the site, conditional on achieving a desired result via the SHA process.

Assessment of the Lead Policy

Location

Site attributes and consideration

The site is located at 436 Kingston Road, Kingston Rural. The site is adjacent to the rapidly growing urban areas of Jacks Point and Hanley Downs, within the Coneburn Valley, and is approximately 48ha in area. The site is 4.5km from Frankton and 12km from central Queenstown. The location is shown in Figure 1 below and the site is described in more detail in the Urban Design Review (attached).



Figure 1 – site location, source: Council GIS, marked up

The site is legally described as Lot 1 and 2 DP 475609 held in Record of Title 655559; noting that the site does not include the entire title (copy attached).

In regard to *location*, the site represents a logical urban expansion within the valley. In this regard the following characteristics of the site are considered relevant:

- The land is relatively flat and currently in pastoral production.
- The site is not within an Outstanding Natural Landscape.
- The site is within the Urban Growth Boundary.
- The site connects with existing facilities at Jacks Point and Hanley's Farm, with the possibility of a contiguous urban area if the land holdings between the site and those suburbs are developed.
- The site is within an easy drive and possible cycle commuting distance to shops, schools and employment areas within Frankton.
- The site is opposite the Coneburn Industrial Zone.
- Trunk water, wastewater, power and telecom infrastructure already traverses the site.

Given the site sits between existing urban areas to the south and north, it is argued 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.

Zoning

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 appeal¹⁰. 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*¹¹.

The OSL provides for land that is not substantially occupied by buildings and which provides benefits to the general public as an area of visual, cultural, educational, or recreational amenity values. The proposal would clearly not be consistent with such zoning, which is one reason why a SHA is sought rather than a resource consent via conventional Resource Management Act processes.

¹⁰ Coneburn Preserve Holdings & Others ENV-2018-CHC-137

¹¹ Proposed District Plan 41.1 Zone Purpose

Jacks Point Resort Zone Structure Plan

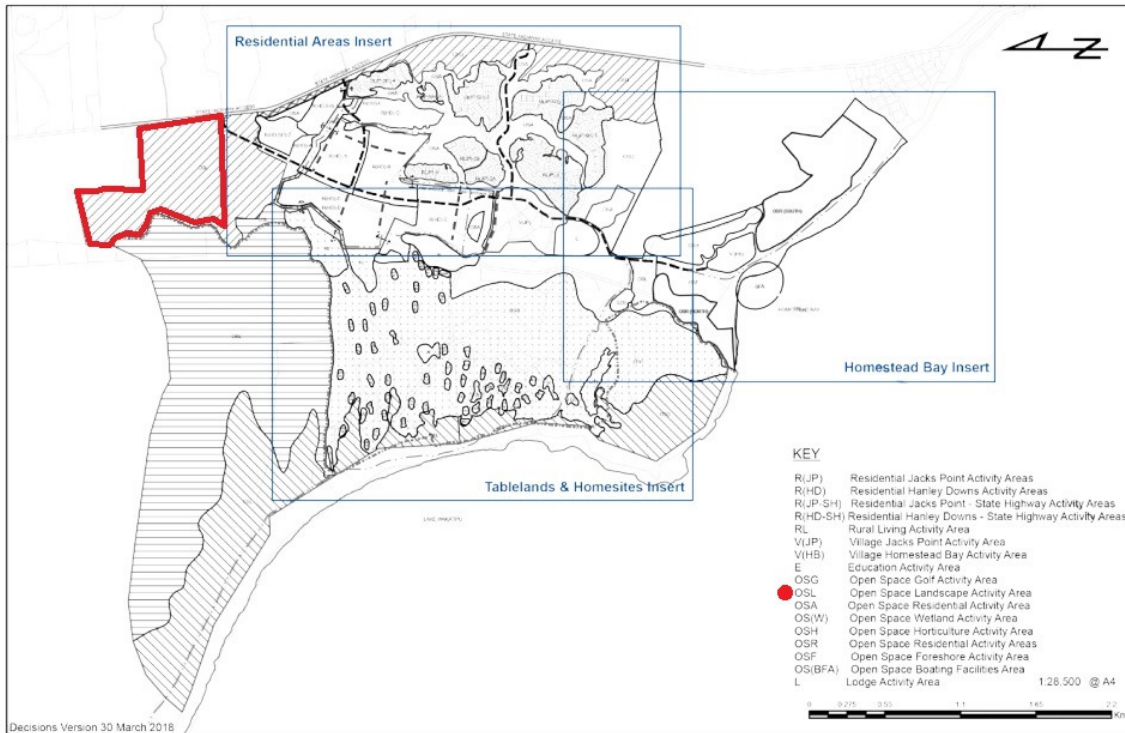


Figure 2 – Jacks Point Resort Zone Structure Plan source: PDP Chapter 41, marked up to show site location

On the other side of the State Highway is the Coneburn Industrial Zone (under appeal¹²) and to the north of the site is zoned Rural within a Rural Character Landscape (refer Figure 3 below).

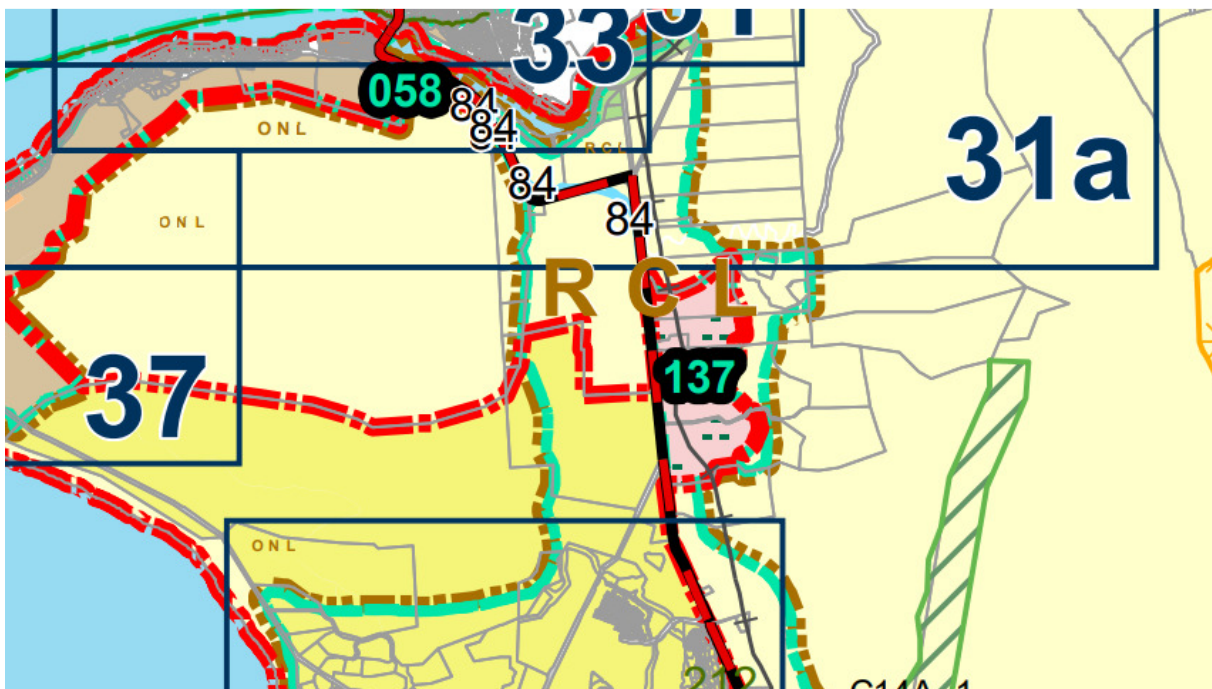


Figure 3 – PDP Stage 1 zoning excerpt from planning map 13

¹² Coneburn Preserve Holdings & Others ENV-2018-CHC-137

Landscape

In accordance with PDP planning maps (Figure 3 above) the site is located within an Urban Growth Boundary adjoining an Outstanding Natural Landscape (ONL) that incorporates Peninsula Hill. The exact location of the landscape boundary is under appeal¹³ but the ONL is generally understood to be the slopes of Peninsula Hill and not the flat valley bottom where the site is located. The PDP Stage 1 hearing stream 9 report 12 noted that:

"The majority of this [the southern slopes of Peninsula Hill] is classified as outstanding natural landscape (ONL), except for a largely flat area at the western end adjacent to State Highway 6." [14 para 273]

The Commissioners considered that:

"In our view the area of outstanding natural landscape should be outside the UGB." [para 291]

The Commissioners also considered that the site is potentially suitable for development:

"this land [Open Space Landscape (OSL) Activity Area], and potentially land further to the north, appear to be suitable for eventual residential development." [para 228]

Going a step further, Council's landscape expert, Dr Marion Read, considered this area to be ideal for development¹⁵:

"It is my opinion, which has developed over recent years, that this valley floor between Hanley Downs and the Kawarau River is an ideal location for urban development should Queenstown require this level of urban expansion. It is relatively level, lies well to the sun, and relatively intensive urban development would not, in my opinion, detract from the landscapes of either Peninsula Hill or the Remarkables range; both of which utterly dominate the landscape in this location. It would, potentially, connect Jacks Point / Hanley Downs with Kelvin Heights and with Frankton both in a perceptual sense and potentially in a literal sense." [para 12.6]

The development typology near the landscape boundary may need to be refined through the resource consent process and a landscape buffer defined. The site can therefore appropriately respond to the landscape context. In addition, a setback and edge treatment along the State Highway corridor would be required, as recommended by Dr Read:

"I consider that some sort of setback and edge treatment along the State Highway corridor would be required. This would be necessary to mitigate noise effects on the residences closest to the road. Further it would ensure that there was a transition between the character of the Jacks Point and Hanley Downs parts of the zone, and more dense and ordinary development on the Coneburn Valley Floor." [para 12.9]

Drawing on Dr Read's views and the findings of the Commissioners, it is considered that the site is within the Urban Growth Boundary, is not within the ONL, and is ideal for residential development.

Accordingly, it is considered the site is well placed to contribute to the supply of housing as a logical expansion of the Coneburn Valley urban area. The site avoids sensitive landscape areas without detracting from the existing setting of Jacks Point and Hanley Downs.

The Urban Design Review confirms that development of the site can provide for a logical and co-ordinated pattern of growth for the Coneburn Valley.

¹³ Upper Clutha Environmental Society Inc ENV-2018-CHC-56

¹⁴ Hearing of Submissions on the Proposed District Plan Report 12 Report and Recommendations of Independent Commissioners Regarding Chapter 41 – Jacks Point

¹⁵ Statement of Evidence of Marion Read on behalf of Queenstown Lakes District Council Landscape – Jacks Point Zone 17 January 2017

Integration

As discussed above, the site is ideally located for residential development, and will be integrated with:

- The wider Hanley Downs and Jacks Point area with both vehicle and trail connections.
- Frankton with vehicle and future trail connections.
- Coneburn Industrial Zone with a potential 4-way roundabout, with cycling and pedestrian infrastructure potentially incorporated into the roundabout design.

The site sits within the northern portion of the Coneburn District, being the “valley” running adjacent to the Remarkables from Homestead Bay to the south through to the Kawarau River to the north.

Much of the valley floor has already been zoned for development including Jacks Point and Hanley's Farm, which are both partially constructed. Other proposals have been considered in the District Plan review and are subject to appeals. Taken together, it is mostly only the part of the valley floor from north of Hanley's Farm (which includes this site) which is not already subject to zoning that anticipates at least a semi-urban built form. One can speculate that development of this area north of Hanley's Farm may eventually occur (given the Council hearing panel's comments in the District Plan review), but a lot rests on the wishes of individual landowners as well as consideration of constraints such as geotechnical conditions and hazards. Figure 4 below illustrates how this development might sit within the context of a broader zoning pattern for the Coneburn District.

Naturally a high level assessment such as this is somewhat speculative with regards to areas that do not have current zoning. Further details would need to be added for future development areas such as more arterial roads and major intersections. It is nevertheless intended to demonstrate how Coneburn Valley can integrate within a wider planned urban form (refer Figures 4 and 5 below).

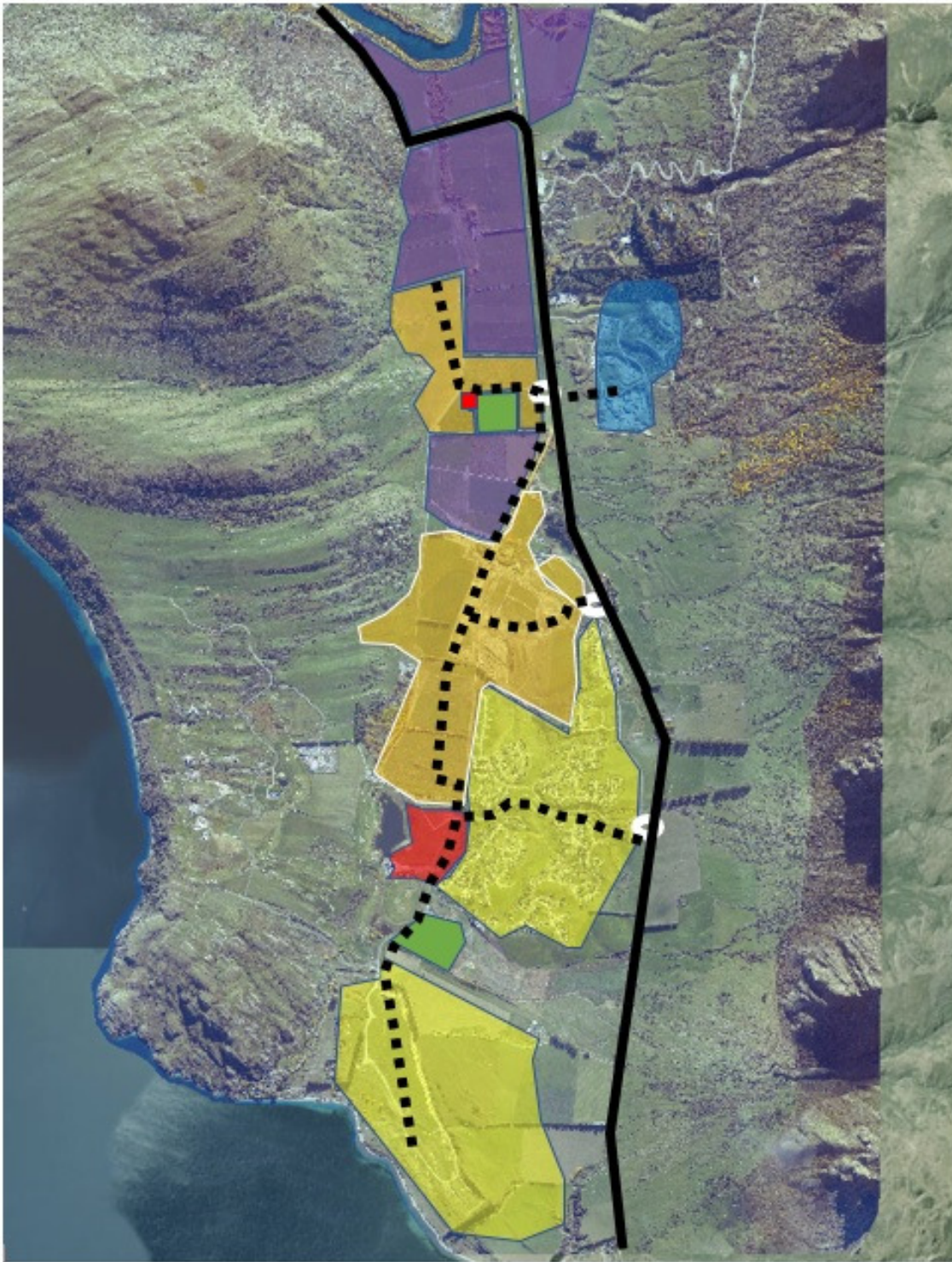
It is considered that the site is appropriately located, and will contribute to co-ordinated development of the Coneburn Valley.

In terms of trails and road connections, an important connection will be to nearby Hanley's Farm. This should ideally be achievable without using the state highway. It is proposed in the shorter term that Woolshed Road near the state highway will provide such opportunities. This is not quite as direct a connection as following the valley low point near “Woolshed Creek”, so opportunities for future road and trail connections at that part of the site will also be anticipated in the design. Making such connections will be dependent on the wishes of landowners and their development timeframes.

Similarly, it is understood that the Queenstown Trails Trust have an interest in developing an off road connection between Jacks Point and Frankton and have investigated the feasibility of this. This site is strategically important for achieving such a trail. A letter of general support from the Queenstown Trails Trust is attached.

More generally, a well connected grid-like urban form is proposed as shown in the draft concept plans, and as indicated in Figure 5 below. Various connections are shown that would see roads connecting beyond the site to possible future development. Urban design advice has suggested further connections could also be considered and such recommendations will be taken on board when more detailed design proceeds.

Overall, it is considered that the site meets the *location* requirement. Therefore, it is requested that Council's Lead Policy is adjusted to provide for this site within Council's categorisation of land as a Category 2 area.



KEY










	High amenity residential / open space		Playing field / sports hub		Major intersection
	Mixed use / commercial		Industrial area		Arterial route
	Future residential development – probably “patchy” due to Geotech and hazard constraints and landowner wishes		Mix of low and medium density housing		State highway

Figure 4 – Site integration

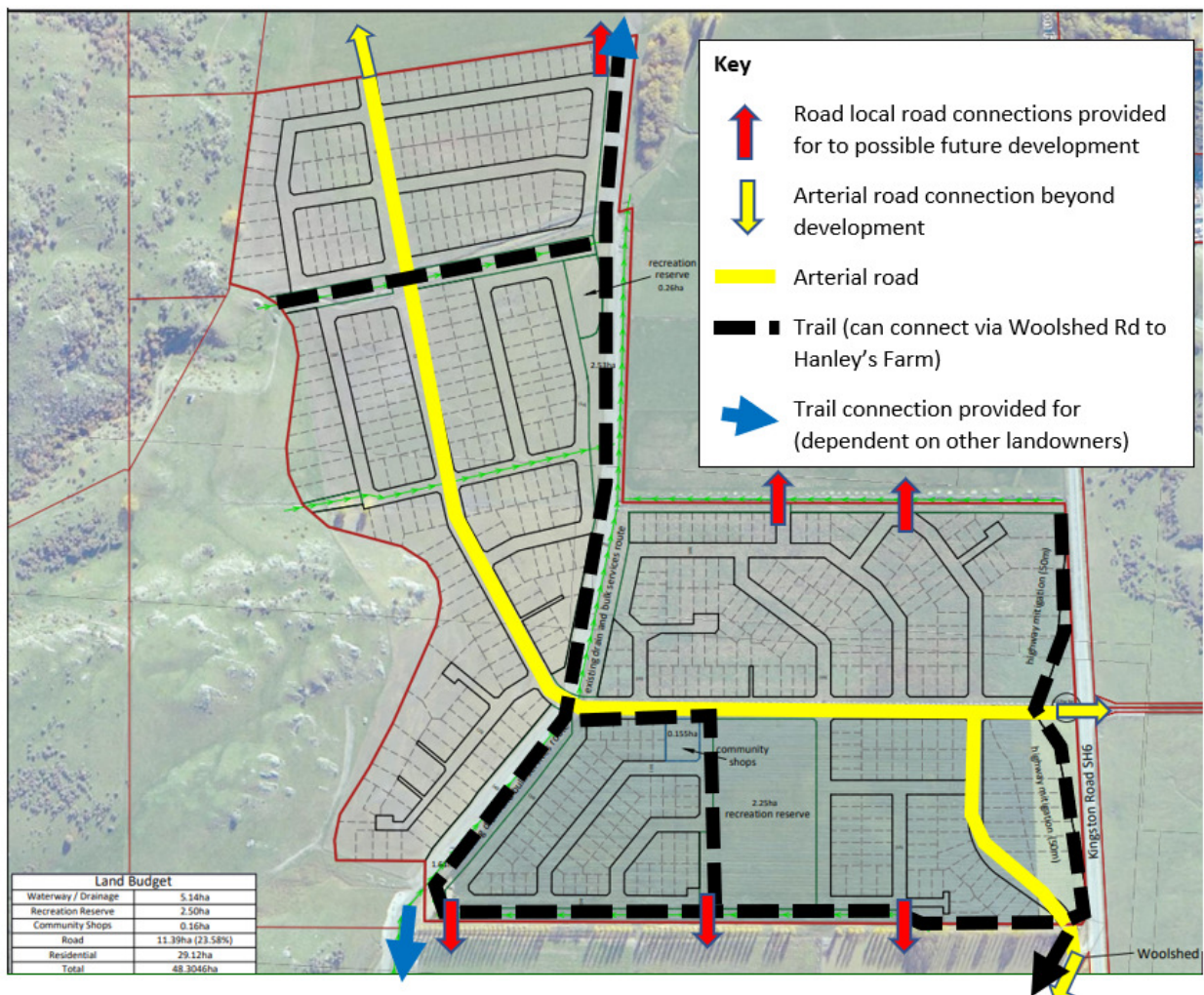


Figure 5 – Potential road hierarchy and connections within and beyond the site

Adequate Infrastructure

Infrastructure reports (attached) confirm that the site can be serviced with:

- Connections to the existing wastewater network that passes through the site (or alternatively a new pipeline).
- Connections to the existing water network that passes through the site (or alternatively a new pipeline).
- A reticulated stormwater network that connects with existing drainage channels within the site.

With respect with water and wastewater it is evident that there are multiple feasible options to supply this site. The preferred option will be guided by the wishes of Council and may be determined by a possible desire to build infrastructure that services a larger catchment than this development alone. Under such a scenario, Coneburn Valley may contribute funding toward a larger upgrade project rather than undertaking a smaller upgrade itself.

There is understood to be a considerable amount of capacity in the networks recently built between Frankton and Hanley's Farm which will take a number of years to utilise. While it is essential that the parties that funded that infrastructure retain unhindered access to its capacity to service their developments, there may be opportunities to allow access to the existing infrastructure in the shorter term while broader longer term solutions are worked on.

Confirmation of supply letters are attached from PowerNet and Chorus.

A feasibility letter is attached that confirms that a new roundabout on State Highway 6 is appropriate and will ensure that the proposal will have minimal effect on the surrounding roading network.

It is considered that the site meets the *adequate infrastructure* requirement.

National Environmental Standard for Assessing and Managing Contaminants in Soil to Protect Human Health

Soil testing has not been undertaken at this early stage; however, will be undertaken at a further stage to ensure that the site is suitable for residential development (it is understood that the legislation does not require such investigations until a resource consent is lodged). A brief review of historical aerials from 1956 has not revealed any structures of interest e.g. sheep dips. Otago Regional Council confirmed that the site is not listed in their database as a contaminated site (letter attached).

Natural Hazards

A geotechnical overview (attached) identifies some land development challenges, but concludes that:

"Our 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"

The geotechnical assessment was undertaken at a preliminary stage and guided the decision on what land to acquire. It is therefore noted that the area of land highlighted in red is *not* subject to this application (figure 6):

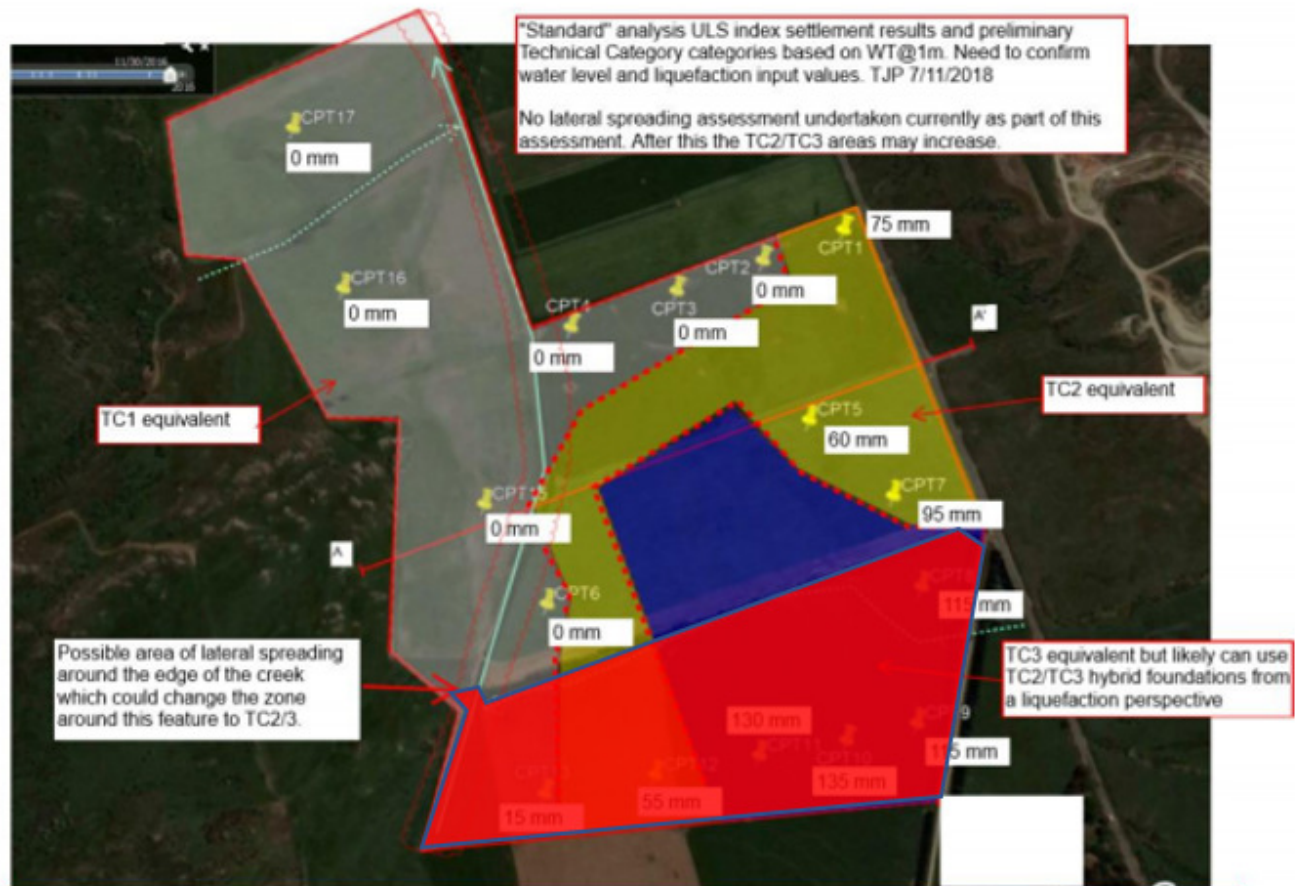


Figure 6 – map from Geotechnical report annotated with area excluded from the Coneburn Valley site (in red)

As can be seen on Figure 6, parts of the site have relatively poor ground conditions and may not be economic to develop. These are particularly the areas shaded in blue above. It is also however noted that with further investigation and possible remedial works, there is a reasonable prospect that the size of this area will reduce. It is proposed that to utilise poorer ground areas such as this for parks. The concept layouts have approximated an area for this purpose, but the extent of such a park will need further refinement when detailed design proceeds.

A stormwater flood hazard report (attached) includes indicative mitigation methods e.g. flood corridor for Woolshed Creek, diversion mounds, piped stormwater network and treatment ponds.

As such, development of the site can be planned and managed without significant risk from natural hazards.

Facilitation of an increase in land for housing supply

The land is currently zoned Jacks Point – Open Space Landscape Activity Area (OSL), and given the site encompasses 48ha, the proposal can provide a significant contribution to the increase in land for housing supply over and above what is currently provided for in the Coneburn Valley and wider district. The concept plans provide for more than 500 residential sections, and as noted above this could increase to as many as 600 sections depending on eventual lot sizes etc, which is a significant opportunity to increase the supply of land for housing. Given the site's close proximity to the existing urban edge of Jacks Point and Hanley Downs, on flat land, it can provide this supply in a very efficient manner.

As such, it is considered that the site meets the *housing supply* requirement.

Demand for qualifying development or residential housing in appropriate locations

As discussed in more detail above, it is well known that the Queenstown Lakes District is facing a housing affordability challenge. The Government's Housing Affordability Measures released on 12 December 2018 show that affordability for first-home buyers in Queenstown-Lakes worsened during 2018, while rent affordability in the district remains consistently low, compared to other parts of New Zealand.

Locally, home sales at Jack's Point ranged between \$825,000 and \$1,850,000 during 2018. The average real estate purchase price at Jack's Point of \$1.2 million for the 12 months to August 2018, with residential section sales ranging in price from \$295,000 to \$695,000.

Given all of the above, it is considered that the site meets the *demand* requirement.

Affordability

Scale & location

The proposal is in a unique position to be able to comprehensively plan and deliver a large number of sections and houses to the market. As discussed above, existing zoning has not translated to affordability as demonstrated by the escalation of housing prices in the district. Part of the solution to affordability is the provision of additional supply. Delaying development until existing zoned areas (for example, Kelvin Heights Lower Density Suburban Residential Zone or the Remarkables Park Special Zone) are developed means that affordability is unlikely to be improved. Bringing the Coneburn Valley forward through the SHA process is considered beneficial to addressing the affordability challenges facing the district.

Housing packages

As noted above, the exact types of houses and sections to be delivered are not yet settled (and there will inevitably be some variation in a project of this scale). As the applicant gains greater confidence that a SHA is likely to be approved, further work will be undertaken to progress designs and costings which will then inform likely price points. Nevertheless, considerable work has been undertaken to investigate realistic housing options.

The applicant will partner with an established North Island-based off-site manufacturer of houses. The manufacturer uses a patented modular panel wall product, amongst other innovations, to achieve affordability. Houses would be assembled in a new factory established in a large South Island urban area and trucked to the site. Management of the North Island OSM business are happy to meet with QLDC representatives to discuss the business model and their operations. Production will start shortly after a SHA is approved and a peak of 100 houses per year is expected by year two.

The applicant has made enquiries around partnering with Kiwibuild, but this may or may not be how the development would proceed (it is not reliant on being accepted into that programme). This however does give an indication of the value of the completed house and land packages, as the majority would be looking to meet the \$650,000 inclusive of GST threshold for the option of a 120m² house on a 500m² section (as described earlier). Furthermore, the developer is interested in smaller houses and sites as described earlier, which may be around 25% cheaper than larger house and land packages.

The houses would be simple built forms with efficient layouts. They will be well fitted out and built to a robust and energy efficient standard. Examples of how streets may look with these houses can be seen in the indicative renders ([attached](#)). As noted above, the applicant will also investigate how long-term affordability can be achieved by reducing the ongoing operating costs of the houses.

Securing affordability

The applicant acknowledges the Council's expectations around a 10% contribution toward the Queenstown Lakes Community Housing Trust. This will be provided if no alternative agreement can be reached, although the applicant is interested in discussions with the Council and Trust as to alternative means in which a contribution of this scale could be made. There may be mutually beneficial alternative arrangements worth exploring.

Given that pricing is proposed to be below what is commonly available in the current market, the applicant is also conscious of the risk of speculation by investors. This would be at odds with the intentions of the developer, government and Council. While an ongoing programme of supply may go some way to dampening speculation, other possibilities are being considered. One possibility is that a large portion of houses (if not all) could be retained as rental stock by a single entity. Such an entity could be governed in a manner which seeks to maintain affordable rental levels.

Evidently, a number of possibilities exist on this subject of retaining affordability, and the applicant continues to work on the matter. He intends to advance discussions on this subject with Council and other key stakeholders in parallel with the processing of the EOI.

Accordance with Council's overall strategic direction for urban development

Council Lead Policy criteria states:

The Council will consider proposed special housing areas in light of its overall strategic direction for development in the District. This includes ensuring that 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*
- *to protect the District's rural landscapes from sporadic and sprawling development*

As discussed above, 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.

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.

The proposal will connect with existing infrastructure networks in accordance with Council's policies around developers meeting such costs; therefore, there will be no additional cost to Council in terms of infrastructure demand.

The site is not located within an Outstanding Natural Landscape; however, a landscape buffer from the State Highway is considered appropriate to mitigate views. This buffer is shown on the concept plans and would likely consist of low "natural" appearing mounding which would partially screen views of housing closer to the highway. It will be planted in a manner that integrates with the landscape (likely native planting).

Overall, the proposal is considered to be aligned with Council's overall strategic direction for urban development.

Predominantly residential

Section 14(2) of HASHAA states that a development is 'predominantly residential' if:

- (a) the primary purpose of the development is to supply dwellings, and*
- (b) any non-residential activities provided for are ancillary to quality residential development (such as recreational, mixed use, retail, or town centre land uses)*

As discussed above the concept plan provides for predominately residential sections, with a small ancillary commercial area, reserves and trails. Any commercial activities are considered to enhance both the proposed development and existing residential environment of Jacks Point and Hanley Downs, and to contribute to self-sufficiency.

As such, the proposal is *predominantly residential*.

Building height

The predominant style of development would be lower density residential. An 8m height limit would be anticipated, although given the nature of the housing anticipated, most houses will be single storey and well below this limit.

Minimum number of dwellings

The concept plan would yield approximately 500-600 residential allotments or comprehensive house and land packages, with an average area per lot of 500m². The scale of development and potential number of houses is considered to be a significant positive contributing to the objectives sought through HASHAA and the potential for the Council to address the shortage of affordable housing in the District.

Residential Development Quality

The attached Urban Design Review has considered the concept plans and renders. While these are examples only (and it is acknowledged that through detailed design improvements can and will be made) they provide a useful indication of how the site may be developed in a way that achieves a good urban design outcome. The report concludes that:

Overall the proposed Indicative Masterplans 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.

As such, the proposal meets the requirement for *residential development quality*.

Timely Development

Draft programmes anticipate that subject to the necessary approvals, development could commence before the end of 2019. Subject to market conditions, it is possible that the project could be complete within 5-7 years. This would represent a significant influx of affordable housing supply for the Wakatipu.

Conclusion

This expression of interest has addressed Council's Lead Policy criteria for recommending Special Housing Areas to the Government. It has been demonstrated that there is a strong rationale and logic to this proposal.

Accordingly, it is requested that Council's Lead Policy is amended to provide for this site as a Category 2 area.

In summary:

- The site is ideally located for the growth of the Jacks Point and Hanley Downs urban area.
- The site is located within the Urban Growth Boundary and not within an Outstanding Natural Landscape.
- The concept plan will ensure development occurs in a logical and coordinated manner.
- Infrastructure is accessible and the subdivision may contribute to the efficiency of upgrades already planned for Jacks Point and Hanley Downs.
- The subdivision will connect with Hanley Downs and Jacks Point and therefore comfortably integrate with this growing urban area.
- The proposal will provide a significant contribution to the affordability issues facing the District.

Overall, it is considered both the subject site and the proposal are exactly the type of initiative the HASHAA legislation and SHA process were developed to enable.