

QLDC Council
8 August 2019

Report for Agenda Item | Rīpoata moto e Rāraki take: 1

Department: Planning & Development

Title | Taitara: Proposed amendments to Councils SHA Lead Policy to include Coneburn Valley as an Special Housing Area

PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO

- 1 The purpose of this report is to recommend that the Housing Accords and Special Housing Areas Act 2013 Implementation Guidelines (**Lead Policy**) is updated to include the Coneburn Valley Expression of Interest (**EOI**) that has been recommend to the Minister for Housing and Urban Development (**the Minister**) as a Special Housing Area (**SHA**)

EXECUTIVE SUMMARY | WHAKARĀPOPOTOTANGA MATUA

- 2 This report to Council is to address the inclusion of Coneburn Highlander Trusts Limited Special Housing Area Expression of Interest (**Coneburn EOI**) in the QLDC Housing Accords and Special Housing Areas Act 2013 Implementation Guidelines (**the Lead Policy**). The Coneburn EIO was recommended to the Minister for Housing and Urban Development (**Minister**) as an SHA following a decision of Full Council on 30 April 2019. At the time of writing the Council is currently awaiting the Ministers response to this recommendation.
- 3 The Lead Policy identifies Ladies Mile and Hawea as Category 2 Area, a classification which is applied to locations where the Council would consider potential SHA's even though they are not zoned for urban development in the district plan. When approving the Coneburn EOI to be recommended to the Minister, the Council should have also resolved to add the Coneburn area to Category 2 of its Lead Policy. The EOI is considered to be generally consistent with the Lead Policy, the purpose of the Housing Accord and Special Housing Areas Act (**the HASHAA**), and the Queenstown Lakes District Housing Accord (**the Accord**) because of its location adjoining Hanley Farm and Jacks Point, its accessibility to the amenities and employment centres of Frankton, its location outside of the Outstanding Natural Landscape and because of the ability for development in this area to connect to existing or planned infrastructure. The recommendation now put to Council is to approve the amendment of the Lead Policy to include Coneburn as a Category 2 area.

RECOMMENDATION | NGĀ TŪTOHUNGA

That Council:

1. **Note** the contents of this report;

2. **Amend** the Housing Accords and Special Housing Areas Act 2013 Implementation Guidelines (Lead Policy) to:
 - a. add that part of Lot 1 and 2 DP 475609 shown in the EOI into Category 2 of the Lead Policy

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CONTEXT | HOROPAKI

Purpose of HASHAA, the Housing Accord and Other SHAs

- 4 The purpose of the HASHAA 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.
- 5 Council entered into the Queenstown Lakes District Housing Accord (**the Accord**) with the Government in 2014. This Accord was subsequently updated on 12 July 2017. 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 set out in the Accord are:
 - a. the continued development of additional land supply, as quickly as possible, to alleviate pressures in the housing market;
 - b. 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”.
- 6 On 26 October 2017 the Council adopted an amended Lead Policy (titled: Housing Accords and Special Housing Areas Act 2013 Implementation Guidelines) (**the Lead Policy**), to guide the Council’s implementation of the HASHAA.
- 7 In total ten Special Housing Areas (**SHAs**) have been recommended by Council and approved by the Minister. The 10 SHAs will deliver a potential yield of approximately 1658 residential units and aged bed care facilities, thus contributing significantly to the Council’s obligations under the Accord.
- 8 The date for establishing SHAs and the date of repeal of the HASHAA had been extended by 3 years to 16 September 2019 and 16 September 2021 respectively. Any new SHAs will therefore have to have consent applications in with the council by 16 September 2019. HASHAA itself finally expires on 16 September 2021.

Coneburn SHA Proposal

- 9 Council considered the Coneburn Expression of Interest at its meeting on 30 April 2019. Following that consideration, the Council resolved to recommend the Coneburn EIO to the Minister for Housing and Urban Development (**Minister**) as an SHA. At the time of writing this report the Council is currently awaiting the Ministers response to this recommendation.
- 10 With the scheduled expiry of HASHAA, any application for an SHA had to be sent to the Minister by the 30 April 2019 in order to meet the statutory timelines. The Coneburn

SHA which proposes 600 residential units is the last SHA to be considered by the Council and recommended to the Minister.

Criteria and process for considering SHAs

- 11 The Council's Lead Policy sets out that Council will consider each proposed SHA on its own merits in considering recommending potential SHA's to the Minister. 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 on the EOI. The below process is generally 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.

- 12 Steps 1 to 7 for the Coneburn SHA have in part been completed. A final administrative matter is to include Coneburn in the Lead Policy to ensure that the Minister will make a decision on the SHA with the Lead Policy amended to acknowledge and provide for Coneburn as a potential SHA.

Description of EOI

- 13 The EOI for the proposed Coneburn Valley SHA was submitted to Council on the 13 March 2019. The proposal will be predominantly residential and involves the construction of 600 dwellings as well as 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 in red on Figure 1 below:



Figure 1: Location of Coneburn Valley SHA

- 14 The developer has confirmed that they will satisfy the affordable housing requirements of the Lead Policy by providing 10% of the developable land area to the Queenstown Lakes Community Housing Trust (QLCHT). This will result in approximately 60 sections for the QLCHT.
- 15 The Coneburn EOI does not include fixed pricing but the applicant states that considerable work was undertaken to investigate realistic housing options such as partnering with Kiwibuild. Whilst this may not necessarily be how the development proceeds it provides an indication of the value of the completed house and land packages, and 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. Furthermore, the developer is interested in smaller houses and sites, which it states may be around 25% cheaper than the larger house and land packages.
- 16 The EOI comprises of plans and images of the proposal, with supporting assessments from a landscape architect, urban designer and engineers. The EOI document and all other 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/>

Public feedback associated with the EIO

17 As part of the 18 April 2019 report, it was noted that the Council provided for community comment/feedback process on the EOI. Thirty one submissions were received including eleven in support and twenty opposed. 16 (52%) of the 31 submissions raised concerns regarding transportation issues and 9 (29%) raised concerns with location. This feedback was provided to Councillors and made public prior to the Council meeting on 18 April 2019.

Assessment of the Proposal against Councils Lead Policy on SHAs

18 The Lead Policy provides a framework of relevant considerations for the Council to assess proposed SHAs and other factors, such as planning and RMA matters that may be relevant to the Council's exercise of discretion to make a recommendation to the Minister including the following:

1. Location – Categories 1, 2 and 3
2. Strategic direction in the Proposed District Plan
3. Infrastructure
4. Affordability
5. Affordable housing contribution
6. Community feedback
7. Quality and design outcomes
8. Timely development

ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

19 All items within the Lead Policy were considered within the 18 April 2019 agenda report and whilst the EOI was inconsistent with the Lead Policy in respect of Location (Point 3.1 of the Lead Policy) in that the Coneburn EOI is contrary to the Operative and Proposed District Plans as it is on land that is zoned Jacks Point – Open Space Landscape Activity Area (**OSL**), it was noted that the SHA was in accordance with the Strategic Direction of the PDP and that the EIO would be recommended to the Minister to be a SHA. The EOI came out favourable when considered against all the other factors (infrastructure affordability, affording housing contribution, community feedback, quality and design outcomes, timely development).

20 The report acknowledged in the Executive Summary that it would be necessary to update the lead policy to explicitly include the Coneburn SHA.

Location (Point 3.1 of the Lead Policy)

21 The site is located directly adjacent to the existing urban edge of Jacks Point, Hanley Downs, Homestead Bay, the new Coneburn Industrial zone (**Coneburn Valley**) and within easy distance to Frankton. By facilitating the SHA and including Coneburn within the Lead Policy Council is acknowledging that this proposal is within an existing corridor of development and represents a logical place for urban development.



Figure 2: Overall site context showing proposed development and connectivity to the broader Coneburn Valley

- 22 Coneburn is currently not included in either of the Categories 1 – 3 of the Council’s Lead Policy.
- 23 Category 1 is for areas where EOIs would be invited, and was specifically created to ‘bring forward zoning’s from the Proposed District Plan.
- 24 Category 2 includes areas that ‘may be suitable’ for the establishment of SHAs, and includes the Ladies Mile and certain areas in Wanaka and Hawea.
- 25 Category 3 is areas considered unsuitable for the establishment of SHAs. There are no areas included in Category 3.
- 26 The Lead Policy was last amended 28 June 2018 when Ladies Mile was included as a Category 2 area, it was noted as part of that agenda item that officers intended to identify the whole district into either Category 1, 2 or 3. This is also noted on page 3 of the Lead Policy which stated that “The Council will group areas of land in the District into three categories”. This work stream was intended to be completed after Council prepared its Future Development Strategy.
- 27 The Future Development Strategy is still in progress and since the June 2018 report, the Government announced that it will allow the HASHAA legislation to expire and as such applications pursuant to a new SHA can only be made up until September 2019. As such the Lead Policy will no longer be updated to include additional sites beyond Coneburn. However, the inclusion of the Coneburn EIO is still required in order to allow this area to be determined by the Minister as an SHA that is entirely consistent with the Lead Policy.

28 This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002:

29 Option 1 to update the Lead Policy

Advantages:

30 Facilitating development through the HASHAA process helps contribute to achieving the purpose of the HASHAA, advancing the principles and priority actions in the Housing Accord, and helps the Council to achieve the housing targets in the Housing Accord by enabling new housing aimed at first home owners to be constructed.

31 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, particularly in the affordable bracket.

32 Contributes to affordable housing in the Queenstown area.

33 Contributes to competition in the Queenstown market for sections between Jacks Point and Henley Downs, potentially driving section prices down.

34 Would be consistent with the previous Council Decision to recommend Coneburn as an SHA.

Disadvantages:

35 Less public participation (submissions and appeals) under a HASHAA consent than a RMA consent or RMA plan change.

36 Proposed development is not consistent with the ODP or PDP

37 Option 2 to not recommend updating the Lead Policy

Advantages:

38 Would be consistent with the ODP and PDP which zones the land as open Space would maintain the land in its current state as open pasture.

Disadvantages:

39 Would be inconsistent with the previous Council Decision to recommend Coneburn as an SHA

40 Would not assist in meeting Housing Accord targets.

41 Would not result in a 10% contribution (60 lots) to the QLCHT.

42 This report recommends Option 1 for addressing the matter because it is consistent with Council's previous Decision to recommend the Coneburn EIO as an SHA and helps the Council to achieve the housing targets set in the Housing Accord.

- 43 Advice: Amend the Housing Accords and Special Housing Areas Act 2013 Implementation Guidelines (Lead Policy) to:
- a. add that part of Lot 1 and 2 DP 475609 shown in the EOI into Category 2 of the Lead Policy;]

CONSULTATION PROCESS | HĀTEPE MATAPAKI:

> SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

- 44 This matter is of medium significance, as determined by reference to the Council's Significance and Engagement Policy because:
- Importance: the matter is of medium importance to the District: Housing supply and affordability is a critical issue for the District;
 - Existing policy and strategy: the proposal is not consistent with Councils Lead Policy in respect of Location
- 45 This matter is of medium significance, as determined by reference to the Councils Significance and Engagement Policy because it relates to Housing supply and affordability and is inconsistent with existing Policy and Strategy.
- 46 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.
- 47 As part of the 18 April 2019 report, it was noted that the Council provided for community comment/feedback process on the EOI, consistent with how other EOIs were considered. Feedback was provided to Councillors and made public prior to the Council meeting on 18 April 2019

RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

- 48 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 District within the [QLDC Risk Register](#). This risk has been assessed as having a moderate inherent risk rating.
- 49 The approval of the recommended option will support the Council by allowing us to avoid the risk. This shall be achieved by updating to the Lead Policy to ensure the Coneburn EIO can be processed as an SHA in a consistent matter with other SHAs.

FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

- 50 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.
- 51 Therefore there are no operational and capital expenditure requirements additional to existing approved budgets or Annual/Ten Year Plans. There are no other further budget, cost implications or resource requirements that will result from this decision or option.

COUNCIL EFFECTS AND VIEWS | NGĀ WHAKAAWEAWE ME NGĀ TIROHANGA A TE KAUNIHERA

52 The following Council policies, strategies and bylaws were considered:

- Queenstown Lakes District Housing Accord;
- Housing Accords and Special Housing Area Act 2017 Implementation Guide (**Lead Policy**);
- The Operative District Plan;
- The Proposed District Plan.

53 The recommended option is not consistent with the principles set out in the named policy/policies. However the proposal is considered consistent with the Housing Accord and broadly consistent with the Council's Lead Policy as the Lead Policy does anticipate areas being added into Category 2 that are contrary to District Plans.

LOCAL GOVERNMENT ACT 2002 PURPOSE PROVISIONS | TE WHAKATURETURE 2002 O TE KĀWANATAKA Ā-KĀIKA

54 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 enabling the HASHAA to enable residential development in the Coneburn EIO area;
- Can be implemented through current funding under the 10-Year Plan and Annual Plan by connecting into planned services;
- Is not consistent with two of Council's plans and policies but is broadly consistent with the Council's Lead Policy as the Lead Policy does anticipate areas being added into Category 2 that are contrary to District Plans; and
- Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or transfer the ownership or control of a strategic asset to or from the Council.

ATTACHMENTS | NGĀ TĀPIRIHANGA

Proposed Updated Lead Policy – amendments shown as underlined text