

**QLDC Council  
18 April 2019****Report for Agenda Item: 2****Department: Planning & Development****Draft Stakeholder Deed and further information for the proposed Laurel Hills Ltd Special Housing Area (adjacent to Shotover Country)****Purpose**

The purpose of this report is to present further information on the proposal and the draft Stakeholder Deed for the Laurel Hills Ltd Expression of Interest should the Council recommend it to the Associate Minister for Housing and Urban Development as a Special Housing Area.

**Public Excluded (partially)**

It is recommended that **Attachment B** (Draft Deed of Agreement) to this report is considered with the public excluded in accordance with the Local Government Official Information and Meetings Act 1987 section 7(2) (i) on the grounds that 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).

**Recommendation**

That Council:

1. **Note** that the 7 March 2019 agenda item recommending the Laurel Hills expression of interest was left lying on the table (Attachment A);
2. **Note** the contents of this report and that the draft Stakeholder Deed in (Attachment B – public excluded) has not been fully agreed to in full by Laurel Hills Ltd;
3. **Uplift** the agenda item left lying on the table on 7 March 2019 (Attachment A) and, noting that the draft Deed has now been prepared, approve the following amended resolutions:
  - a. **Note** the contents of this report and;
  - b. **Note** that public feedback received has been provided to Councillors separately prior to the 7 March 2019 meeting;
  - c. **Note** that QLDC, NZTA and ORC agreed a detailed business case for 1100 houses on the Ladies Mile (including the Laurel Hills land) as part of its Housing Infrastructure Fund application which includes a programme of transport related works that aims to address

transport issues on the Ladies Mile. Wider transport networks are being considered by the Wakatipu Way-to-Go project.

4. **Confirm** that the Council agrees with the contents of the draft Laurel Hills Ltd SHA Deed [Attachment B] 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;
5. **Recommend** to the Associate Minister of Housing and Urban Development that the land to which the Laurel Hills proposal relates be established as an SHA, subject to the following:
  - i. execution of the amended draft Deed and the performance of any conditions in it;
  - ii. a 2 storey and 8m height limit for qualifying developments; and
  - iii. minimum number of lots / dwellings to be built is 150.
6. **Agree**, subject to the proposal being approved as an SHA by the Minister and resource consent being granted for the Laurel Hills proposal and any upgrade requirements being met by the developer, that the Queenstown Lakes District Council (QLDC) water supply and wastewater scheme boundaries be extended to allow servicing of the proposed development.

Prepared by:



Blair Devlin  
Consultant Planner  
12/04/2019

Reviewed and Authorised by:



Tony Avery  
GM Planning and  
Development  
12/04/2019

## Background

- 1 The agenda item presenting the Laurel Hills EOI was left lying on the table on 7 March 2019. A summary of the three 2017 agenda items that determined whether to add the Ladies Mile into the Lead Policy are covered in that item (Attachment A)
- 2 An additional agenda item on the wider transport and infrastructure initiatives relating to the Ladies Mile has been prepared and is on the same agenda, along with two other expressions of interest for Special Housing Areas on the Ladies Mile.

- 3 The full EOI is available at:  
<https://www.qldc.govt.nz/your-council/your-views/laurel-hills-special-housing-area/>

## Comment

### Draft Stakeholder Deed

- 4 In order to meet the deadlines for recommending SHAs set by the Associate Minister (30 April 2019), the draft Stakeholder Deed has been prepared and is appended as **Attachment B**. The draft Deed is acceptable to Council officers for recommendation to the Associate Minister. However it has not been agreed to in full by the applicant at this time, with disagreement remaining over:
- a. The requirement that the land provided to the Queenstown Lakes Community Housing Trust (QLCHT) be subdivided into a minimum of 16 lots; and
  - b. The absence of a clause giving the Laurel Hills SHA priority access to existing infrastructure over other Ladies Mile SHAs.
- 5 The draft Stakeholder Deed covers a range of matters as summarised below.

#### *QLCHT contribution*

- 6 The draft Deed ensures the 10% contribution of the developed land area to the QLCHT. On the basis of a 156 lot development, this is 16 lots comprising ten townhouses and six compact houses going to the QLCHT. This is consistent with what was proposed in the EOI (Clause 33-35). While Laurel Hills Ltd have agreed to the 10% contribution, they have not agreed at this stage to provide the land subdivided into sixteen lots for the QLCHT.

#### *Visitor accommodation restriction*

- 7 The draft Deed requires the registration of a restrictive covenant on the land, in favour of Council, preventing the use of the properties for visitor accommodation (Clauses 8-9). Visitor accommodation is defined as being where the length of stay is less than 3 months. As the visitor accommodation rules are undergoing change at the moment through the PDP hearings and appeal process, the tougher ODP provisions have been utilised, in recognition that SHAs are for housing, not visitor accommodation.
- 8 The restrictive covenant is anticipated to be in the form of a consent notice that gets registered on the certificate of title at the time of subdivision. This would mean the Council can readily use the enforcement mechanisms under the Resource Management Act (e.g. could issue an abatement notice or fine (infringement notice) if the property was used for visitor accommodation. It would also mean that a person can apply to vary the consent notice. Such applications would be strongly discouraged in an area created for housing under the HASHAA.

#### *Infrastructure matters*

- 9 Infrastructure matters are included with regard to water supply, wastewater, stormwater and transport.
- 10 With regard to water supply (Clauses 12-14), the stakeholder deed commits the developer to undertaking further modelling and assessment and to obtain all necessary consents for, and construct any infrastructure that is necessary to enable an adequate water supply for the Laurel Hills proposal that is in accordance with Council's standards. Clause 11 also links to the Housing Infrastructure Fund, noting the HIF DBC does not affect the developers' obligations under the Deed.
- 11 With regard to wastewater (Clauses 15-17), the draft Deed commits the developer to further monitoring of actual flows, and to cover, at their sole cost, the design, consenting and construction of any infrastructure that is necessary to address the wastewater effects.
- 12 With regard to stormwater (Clauses 18-21), the draft Deed requires the developer to update the Stormwater Catchment Management Plan, and to cover, at their sole cost, the design, consenting and construction of any infrastructure that is necessary to address the stormwater effects of the proposal. The draft Deed notes that on-site soakage is the less preferred method and cannot proceed without agreement from Council.
- 13 With regard to roading / transportation, the draft Deed (Clauses 24-29) requires the developer to:
  - a. Provide new footpaths on both sides of Stalker Road up to the Stalker road roundabout and to connect to existing footpaths at Banbury Terrace and Oxfordshire Avenue.
  - b. Provide two new bus stops on Stalker Road in accordance with applicable standards
  - c. Work in good faith with the Council and the NZTA on the proposed 'bus only' priority route through the Laurel Hills land, which would allow inbound and outbound buses to avoid the existing roundabout intersection of Stalker Road with Frankton-Ladies Mile Highway (State Highway 6), and ensure that the resource consent application is developed so that it would accommodate the proposed bus only priority route. Provide two additional bus stops within the development should the 'bus only' route be implemented.
  - d. Provide the walking and cycling shared paths as proposed through the EOI and to work with NZTA and undertake best endeavours to ensure the shared walking and cycling paths connect to the existing network of trails, as shown in the 'Possible Wider Transport Enhancements Plan', which is contained in the EOI. This recognises the connections are not all within Laurel Hills land, and that serving of the proposed bus route is an ORC decision.

#### *Parks and reserves matters*

- 14 The draft Deed requires the provision of parks and reserves in accordance with the Parks and Open Space Strategy 2017. This is anticipated to be a 4000m<sup>2</sup>

local park as shown in the EOI (Clause 30). The reserve needs to include recreational facilities such as a half basketball court, playground and barbecue area as shown in the EOI however final discretion is with Council's Parks and Reserves team. A Council resolution will also be required before a reserve vests.

#### *Qualifying development criteria*

- 15 A private covenant that affects the Laurel Hills site requires built form to be below 5.5m from original ground level. The HASHAA legislation specifies a default SHA height limit of 27m unless otherwise specified. It is recommended that an 8m height limit and two storey maximum apply to the proposed Laurel Hills SHA as this is consistent with the Large Lot Residential zoning, although it is noted that the private covenant will continue to apply. It is not Council's role to enforce the private covenant.
- 16 A minimum number of 150 lots / dwellings is also proposed as one of the qualifying development criteria. This means that Laurel Hills Ltd will effectively have to seek consent for the whole development in one application, and has been imposed in recognition that if the SHA is established, it will then be dis-established on 16 September 2019 and therefore the applicant will inevitably seek consent for the whole development, rather than doing it in stages. The 150 number is slightly less than the 156 put forward in the EOI, in case there is some unforeseen circumstance or change to the proposal for resource consent that mean a reduction in yield from the 156 sought.

#### *General matters*

- 17 The draft Deed has not been fully agreed to by the developer at this time. Officers are satisfied the draft Deed is appropriate for the Council to be able to recommend the SHA to the Associate Minister. Should the Council recommend the SHA to the Associated Minister, the applicant will need to sign the draft Deed. The draft Deed is structured such that it would be executed prior to recommending the SHA to the Minister on 30 April 2019.

#### *Water and Wastewater Scheme Boundary Adjustments*

- 18 The proposal site is zoned Rural General / Large Lot Residential A under the Operative and Proposed District Plans. The site therefore falls outside the existing water and waste water scheme boundaries. The developer has agreed, at its sole cost, to design and obtain all necessary consents and construct any infrastructure that is necessary to enable an adequate water supply and address the wastewater effects of the proposal in accordance with Council standards.
- 19 If the Minister agrees to establish the proposal site as a SHA a technical issue arises when processing resource consents that propose use of Council water and waste water infrastructure. Connections to reticulated infrastructure are limited to within approved scheme boundaries. Conditionally approving an extension to water and waste water supply/scheme boundaries to cater for the approved qualifying development will overcome this technicality.

#### **Further Information**

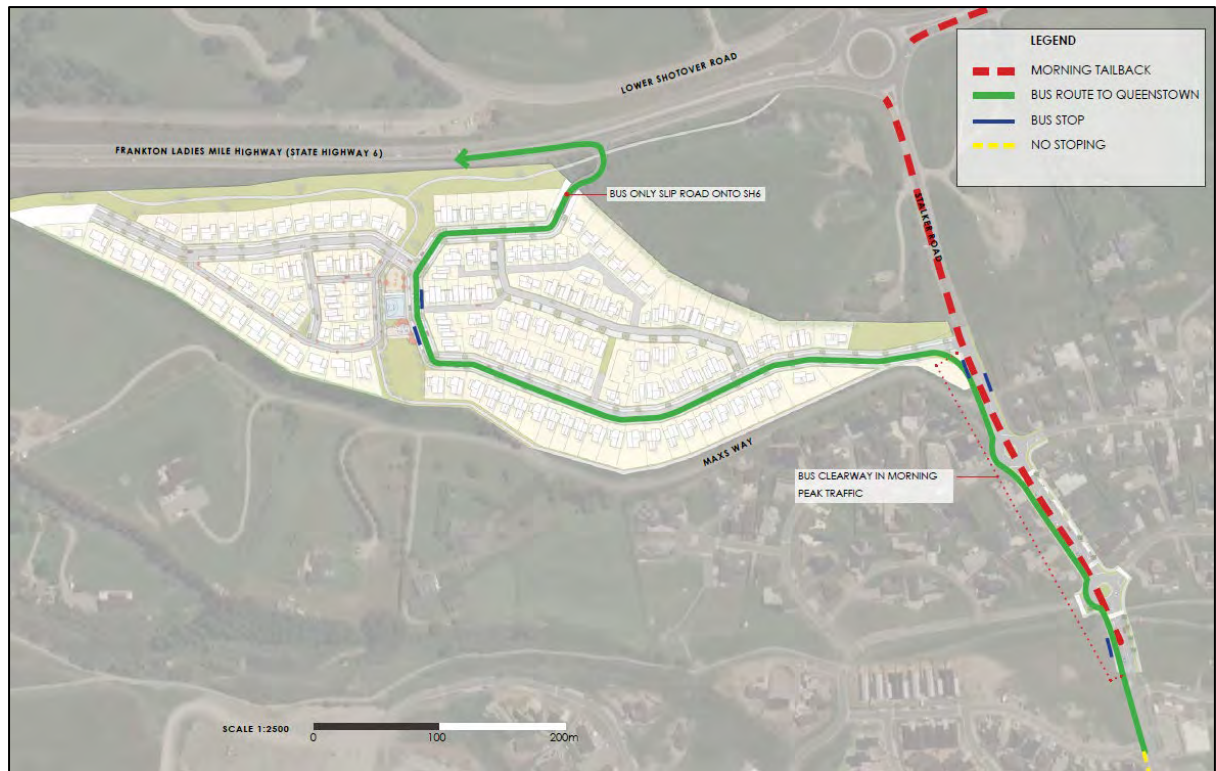
### Bus Priority Route

- 20 The applicant has provided further information relating to the proposed bus priority route through the Laurel Hills site. The plans and material provided is **Attachment C**. The Laurel Hills developer is able to deliver the bus priority route through the Laurel Hills land. The bus priority concept will need to be considered in conjunction with early wins from the Wakatipu Way to Go Initiative, as must the wider implications of development at Ladies Mile.
- 21 The bus priority concept now includes bus priority measures within the existing Stalker Road corridor to create a bus priority lane between 7:30am – 9:30am, extending from near the school to the Laurel Hills entrance onto Stalker Road as shown in Figure 1 below.



**Figure 1: Image of on-street works for bus priority along Stalker Road**

- 22 The full bus priority route is shown in Figure 2 below, and would involve a retractable bollard at the entrance of the bus priority route to the State Highway to prevent regular vehicles accessing the State Highway in this location:



**Figure 2: Plan of bus priority route including through Laurel Hills**

- 23 The proposal would create a bus priority route that would avoid the tailbacks currently being experienced at peak times. This would likely make taking the bus faster than taking a private vehicle during the morning peak.
- 24 To deliver the on-street bus priority route would require the agreement and cooperation of Council, ORC, NZTA and also the Kelly's (who own the land on the corner of the State Highway and Stalker Road) to deliver and service with public transport. The Laurel Hills developer is not able to deliver the full bus priority project alone, nor would it be fair to put the full cost of this project on Laurel Hills. However they are willing to facilitate it and provide the route through the Laurel Hills land, including the additional centrally located bus stops.
- 25 The Council's Property and Infrastructure team welcome the bus priority lane concept. It would impact five residential properties along Stalker Road who would not be able to leave cars parked along Stalker Road while the busway was in operation during the morning peak, however every property has at least two on-site car parks under the District Plan. Reducing on-street parking in one intervention to support a direct bus service and wider public transport uptake.
- 26 While the bus priority route requires further agreement from the various parties, it could facilitate a mode shift away from single occupancy vehicles by making public transport faster than private vehicles when it comes to exiting Shotover Country. If this SHA is approved, the installation of the bus priority measures and route would need to be implemented in the next 3-5 years, as the development occurs and the demand is generated.

### Shading Analysis

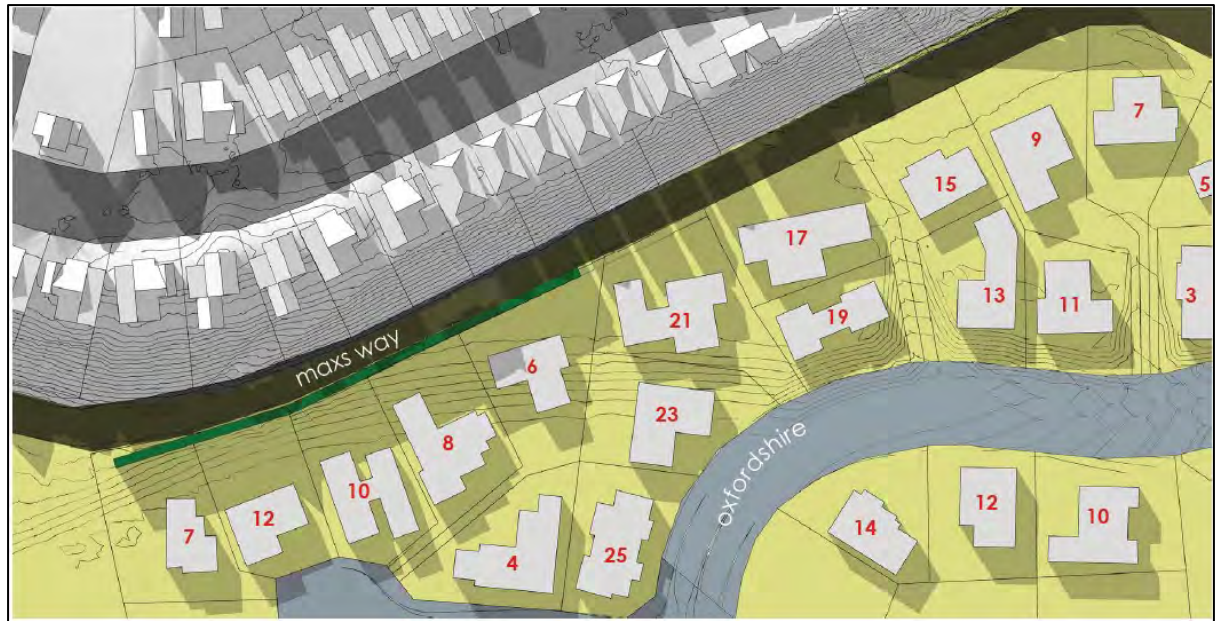


- 27 Councillors noted at the meeting on 7 March 2019 concerns regarding shading from the Laurel Hills development on residential properties to the south. Detailed matters such as shading are normally dealt with at the resource consent stage, and should not be a principal factor in determining whether to recommend the land to the Minister to be a SHA. The applicant has however prepared an assessment of the shading impact at 21 June (winter solstice) which provides a worst case scenario with regard to shading (refer Attachment D).
- 28 The assessment notes that any built form will readily comply with the required recession plane set out in the District Plan, which ensures a certain amount of sunlight is available to adjoining properties. The built form is also subject to a private covenant with a 5.5m height limit above the original ground level, meaning a scale of built form which is low for a residential area.
- 29 The proposal will result in the removal of a large stand of pine trees (up to 16m) located at the top of the embankment, which will have a positive effect in terms of shading being located to the north of Shotover Country residents. Figures 3 and 4 below shows the after development' scenario at 2pm on 21 June:



**Figure 3: Shading Diagram BEFORE development**





**Figure 4: Shading Diagram AFTER development**

- 30 While the shading analysis outcome is unique and specific to each property, the removal of the pine trees makes a significant reduction in the overall extent of shading from the site. Some properties will benefit significantly from the tree removal.
- 31 Where shading does extend to the residential properties, this is at the winter solstice and is for a limited amount of time each day and would be able to be considered through the resource consent process, should Council recommend the EOI to the Minister. Under HASHAA, adjoining landowners (including those separated by Max's Way) would be able to participate in the resource consent process.

#### *Conclusion*

- 32 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 assessment provided to Councillors on 7 March 2019 was that the proposal is contrary to the Operative and Proposed District Plan zonings, but consistent with the Lead Policy including the specific provisions for the Ladies Mile. The proposal would provide a supply of 156 typically smaller, more affordable residential units with a mixture of dwelling sizes (all 2-4 bedrooms). Advice has been received that adequate infrastructure can be made available to service the development.
- 33 It should be emphasised that 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 shading, residential character / amenity and landscape issues, infrastructure provision and impact on neighbouring properties) are a relevant and explicit consideration at the resource consent application stage as second, third and fourth tier considerations under HASHAA.

## Options

- 34 Option 1: Agree with the terms of the draft Deed and recommend the proposal to the Associate Minister to be an SHA.

### *Advantages:*

- 35 Achieves the purpose of the HASHAA by increasing land for housing, advances the principles and priority actions in the Housing Accord, and helps the Council to achieve the housing targets in the Housing Accord by enabling much needed new housing supply to be constructed.
- 36 Provides housing and 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;
- 37 Ensures the developers commitments to the provision of affordable housing, infrastructure and reserves are legally binding after the SHA is established.
- 38 Reflects the Lead Policy which identifies the Ladies Mile as a Category 2 housing area.
- 39 The proposal has been assessed as being consistent with the specific policy for urban development in Council's Strategic Directions chapter for both the PDP as notified, and the recently released decisions version.

*Disadvantages:*

- 40 Dependent on other agencies including QLDC, NZTA and ORC delivering the programme of work for transportation enhancements along the Ladies Mile before the first houses are occupied in 2021. Otherwise will increase traffic movements onto Stalker Road and State Highway 6 which already experiences congestion at peak times, resulting on longer average delays.
- 41 Less public participation under a HASHAA consent than a RMA consent or RMA plan change.
- 42 Not consistent with the ODP or PDP, including the recent recommendations of the Hearings Panel for Large Lot Residential zoning.
- 43 Option 2: Do not agree with the terms of the draft Deed and do not recommend the proposal to the Associate Minister to be a SHA.

*Advantages:*

- 44 Will not increase traffic movements onto Stalker Road and State Highway 6 which already experiences congestion at peak times. Average delays will not increase.
- 45 Would require the developer to seek consent or a plan change under the RMA rather than HASHAA, with the RMA having greater opportunities for public submission and appeal.
- 46 Would be consistent with the ODP and PDP which zone the land as Rural / Large Lot residential and would maintain the land in its current state as open pasture.

*Disadvantages:*

- 47 Would not reflect Council's decisions in 2017 to add the Ladies Mile area into Category 2 of the Lead Policy. Would mean the HIF loan facility for infrastructure and transport upgrades including the Howard's Drive roundabout and Ladies Mile bus stops and underpasses is not available as no new housing would be provided.
- 48 Would not contribute to new housing supply in the Wakatipu Basin. This would risk the District's acute housing supply and affordability issues continuing to grow, resulting in adverse social and economic benefits.
- 49 Would forgo the opportunity to provide a housing option for the Queenstown area aimed at the more affordable end of the market, and potentially impact on Council's ability to meet its commitments under the Accord.
- 50 Would forgo the short term and long term social and economic benefits offered by the proposed (outlined above) including a bus priority option and enhanced walking and cycling facilities.
- 51 Would not result in a 10% contribution (16 lots) to the QLCHT.

- 52 Would not help contribute to achieving the purpose of the HASHAA, advancing the principles and priority actions in the Housing Accord, or help the Council to achieve the housing targets in the Housing Accord.
- 53 This report recommends **Option 1** for addressing the matter.
- 54 If **Option 2** is adopted, the Council will not be able to recommend the proposal to the Minister for establishment as an SHA before the 30 April deadline.

### Significance and Engagement

- 55 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 as evidenced by response to the consultation in 2017 over adding the Ladies Mile into the Lead Policy and over 100 items of public feedback on Laurel Hills;
  - **Existing policy and strategy:** The proposal is considered consistent with the Housing Accord, and is generally consistent with the Council's Lead Policy. The proposal is contrary to the Operative and Proposed District Plans because urban development is not anticipated on Rural General / Large Lot Residential zoned land.
  - **Capability and Capacity:** The site has, or can have made available, adequate infrastructure.

### Risk

- 56 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. This is because of economic, social, environmental and reputational risks if the current and future development needs of the community (including environmental protection) are not met.
- 57 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 that the social and economic benefits towards the provision of housing and land packages that are targeted at first home owners are met. The subsequent resource consent assessment process under the HASHAA also provides the opportunity for further mitigation of risk.

### Financial Implications

- 58 Under the HASHAA, developers are required to provide the necessary infrastructure to service their developments. This has been secured in the draft Deed except where the infrastructure is to be provided through the Housing Infrastructure Fund monies. It is acknowledged that there will be some ongoing infrastructure maintenance costs. Where infrastructure such as the HIF infrastructure has already been provided for through the Long Term Plan, the

developer will be required to pay development contributions prior to the new land titles being issued.

### **Council Policies, Strategies and Bylaws**

59 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;
- 2017/2018 Annual Plan and the Long Term Plan;
- Mayoral Housing Affordability Taskforce Report;

60 This matter is partly included in the 10-Year Plan/Annual Plan, due to the fact that some infrastructure upgrades are provided for Hawea.

### **Local Government Act 2002 Purpose Provisions**

61 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.

62 The recommended option:

- a. 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;
- b. Can currently be implemented through current funding under the 10-Year Plan and Annual Plan;
- c. Is considered to be generally consistent with the Council's plans and policies; and
- d. Would alter the intended level of infrastructural service provision undertaken by or on behalf of the Council.

### **Consultation: Community Views and Preferences**

63 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. This feedback was provided to Councillors prior to the 7 March 2019 Full Council meeting and is available on the Council's website

64 In addition, should the SHA be established, the consent authority may request the written approval of adjacent land owners if they are deemed to be affected, and may undertake a limited notification resource consent process with adjacent

landowners, local authorities (Otago Regional Council), infrastructure providers (limited to those who have assets on, under or above, or adjacent to the proposal site) and requiring authorities (if the adjacent land is subject to a designation).

### **Legal Considerations and Statutory Responsibilities**

65 The draft Deed has been drafted and reviewed by Council's lawyers.

### **ATTACHMENTS**

- A Laurel Hills Agenda item from 7 March 2019
- B Draft Deed – *Publicly excluded*
- C Bus priority information
- D Shading information