

**QLDC Council
30 May 2019**

Report for Agenda Item: 1

Department: Planning & Development Planning & Development

Planning For Future Use and Development of Ladies Mile

Purpose

- 1 The purpose of this report is to present information regarding options for rural residential use or urban development at Ladies Mile following the decision on 18 April to not recommend three Special Housing Areas to the Minister for Housing and Urban Development.

Summary

- 2 The Ladies Mile area has obvious attributes that make it an important consideration in planning future development in the district. The development of a sustainable community east of the Shotover River is a unique opportunity that comes with a number of significant challenges as well as great potential. This report considers options for planning the area on the basis that there will continue to be strong pressure to develop the area for urban purposes in the next 3-10 years. The majority of this report discusses how best to achieve development on the Ladies Mile with a comprehensive and integrated plan for development and a particular focus on place making, community building and ensuring that there is a transport mode shift towards public transport, and transit orientated development principles.
- 3 The three Expressions of Interest for proposed Special Housing Areas (SHA) at Ladies Mile considered on 18 April reflect a strong intent from key landowners to undertake urban development in this area following on from Council's decisions on its SHA lead policy to adopt an indicative masterplan to help encourage integrated approaches to urban development in the area. Council's decisions on 18 April reflect concerns about the potential impacts of urban development in this area in light of current limitations of the transport system. They also potentially reflect some uncertainty about the efficacy, timing and funding of planned future transport initiatives intended to reduce these impacts to acceptable levels.
- 4 This report assesses four options for progressing use and development of land at Ladies Mile. These include implementing the Proposed District Plan zones as they stand enabling rural residential and low density housing; allowing private plan changes to proceed to enable individual urban developments; developing a Council led plan variation to try to achieve an integrated plan for development of the area; and finally, seeking to promote the development of the area as an Urban Development Authority specified development project.
- 5 The option of Council leading the development of a structure plan and plan variation (**Option 3**) is recommended on the basis that it will provide the best opportunity to promote specific future outcomes across the Ladies Mile area and it

facilitates community and stakeholder participation in a transparent and contestable public process. However, it is important to note the potential for **Option 3** to encounter significant delays, that due to the nature of the RMA plan change process it requires significant commitment to addressing key issues arising, that Council will take on significant costs and that it won't necessarily address all concerns and produce all outcomes sought. **Option 1** (implementing rural lifestyle and large lot residential zones) needs to be considered because of how difficult it will be to promulgate an ambitious plan change and develop the Ladies Mile successfully but as it offers no particular long term benefits it is not recommended. **Option 2** (facilitating private plan changes) is not supported because relying on developers is less likely to achieve overall balanced outcomes and because of problems likely to arise with partial and uncoordinated development of the area. **Option 3** is preferred partly because of lack of certainty around **Option 4** (using Urban Development Authority mechanisms to expedite development) at the present time.

Recommendation

That Council:

1. **Note** the contents of this report;
2. **Agree** that Ladies Mile will be developed for urban purposes in the medium to long term and that a proactive Council led planning approach should be undertaken, taking into account the wide range of community, housing, recreation, transport, green space and infrastructure considerations on Ladies Mile and the surrounding area;
3. **Agree** to instruct the General Manager Planning and Development to:
 - a. **Undertake** an investigation into notifying a Council led variation to the Proposed District Plan to provide for an integrated approach to developing Ladies Mile and its surrounding environment; and
 - b. **Report** back at the conclusion of the investigation on:
 - i. The consultation undertaken and community views on the future development options for Ladies Mile;
 - ii. Options for planning for the integrated management of Ladies Mile
 - iii. Funding issues and options for resolving;
4. **Agree** to instruct the General manager Planning and Development to:
 - a. Consult with the Ministry for Housing Urban Development and Ministry For the Environment to explore ways to progress planning and and potential development at Ladies Mile.
 - b. Report back on options to facilitate a possible plan change and/or development approach taking account of this advice.

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15/05/2019

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17/05/2019

Background

- 1 The Ladies Mile is a sunny, easily serviceable part of the Wakatipu Basin that is not prone to significant hazards. It is also adjacent to an existing developed area, and not far from Frankton Flats and its industrial, retail and mixed use zones, employment centres and airport. It is one of the few undeveloped areas remaining near Queenstown and can be connected up to major infrastructure relatively easily. It is also lies on the main transport corridor into Queenstown, which are highly conducive to connection by public transport.
- 2 Ladies Mile is an area of significance to many locals who value it as a visual gateway to Queenstown.



Figure 1: Ladies Mile, Shotover Country, and Lake Hayes Estate

- 3 As part of the Proposed District Plan (PDP) process, the Wakatipu Basin Land Use Planning Study 2018 recommended that Ladies Mile was highly suitable for more urban development. Due to the narrow scope of submissions and evidence on the lack of capacity of the Shotover Bridge, decisions on the PDP were to zone the area as Rural Lifestyle and Large Lot Residential. This has a possible yield of approximately 20 sections in the Rural Lifestyle Zone and 99 sections in the Large

Lot Residential Zone, which will have no impact on the current issues with housing supply and affordability that the District is facing.

- 4 Independently of the PDP process, Council prepared a Lead Policy under the Housing And Special Housing Areas Act (HASHAA) that recognised Ladies Mile as land that could be available to be developed as a greenfield development area. This aligned with the National Policy Statement – Urban Development Capacity (NPS) that requires high growth Councils such as QLDC to provide sufficient development capacity to support productive and well-functioning towns and cities by providing adequate opportunities to develop land for business and housing to meet community need.
- 5 Because of its attributes and sustained demand for more housing in the district the Ladies Mile is expected to come under significant development pressure in the next 3-10 years. Experience has shown that private plan changes can be expected for the area and that the ability to decline private plan changes or even influence them significantly under the RMA can be limited. For reasons explained in more detail in previous reports the Ladies Mile will in all likelihood be to developed for urban purposes in the short (0-3 years), medium (3-10 years) or long term (10-30 years). It is a shared view amongst officials in Council that Ladies Mile will begin to be substantially developed in the medium term (the next 3-10 years) and it makes sense to plan for this proactively in an integrated manner.

Wider Planning Context

- 6 Queenstown has three key greenfield development areas located adjacent to Frankton being Remarkables Park, Ladies Mile and Coneburn. Developing Coneburn and Ladies mile as satellite residential areas without any local services, employment, and community facilities will continue to funnel large volumes of traffic into Frankton. An alternative to this development pattern would be to develop Ladies Mile and the others as centres for services and employment in their own right to reduce pressure on the two key bridges (Shotover Bridge and Kawarau Bridge) and the Frankton transport network. Timely development of these three areas would also help ensure enough greenfield land supply to help ensure a more efficiently functioning development market and to meet NPS UDC obligations to plan and provide land supply to provide for demand.

Comprehensive Planning

- 7 Several spatial framework planning approaches could be used to plan for a well-connected and integrated, mixed use development at Ladies Mile. The proposed district plan utilises structure plans¹ and a range of zones, overlays and rules to achieve this. An indicative masterplan has already been prepared for the area which has been adopted into Council's SHA lead policy to help align and integrate SHA developments in the area.
- 8 A masterplan process could develop a vision and well defined set of outcomes for the area through a process of extensive engagement with the community and

¹ Structure plans are a method for establishing the pattern of land use and the transport and services network within a defined area that can serve as a foundation for integrating plan changes or for aligning the subdivision and development of the land

stakeholders. Council's recent masterplans have also involved extensive technical work to develop program business cases for transport and property and infrastructure related projects.

- 9 A structure plan could be produced to determine how growth could be accommodated in a way that defines how the land would be 'organised' to determine what goes where to achieve long-term goals. Goals are yet to be defined but could include achieving a mixed use local centre that reduces Shotover Bridge travel, a pleasant, well connected and functional environment and high quality open spaces. Other key elements of a structure plan for development of Ladies Mile would be key roads and services infrastructure, schools, community services, connections between developments and across the state highway, development yields and staging of development.

Frankton Master Plan

- 10 The Frankton Flats Masterplan is an integrated programme business case with a broad scope to integrate plans, strategies and projects impacting on Frankton. Some of the issues being analysed in the Frankton Master Plan are closely related to Ladies Mile and include:

- traffic congestion and insufficient roading infrastructure
- airport growth, noise effects and car parking overflow
- increase in commercial development with no clear plan
- losing local feel and lack of central community hub.

Key outcomes relevant to Ladies Mile identified through the masterplan include:

- integrating with the water's edge
- unified and integrated urban centres
- gateway into the district
- living and growing in harmony with nature
- enhancing the local networks
- inclusive neighbourhoods.

- 11 A range of transport programme options, many of which would complement the development of Ladies Mile have been identified in the masterplan process and include works to promote public transport and active modes, bus prioritisation, a possible trackless tram on key routes (including to Ladies Mile), a gondola initiative, adding to the capacity of Shotover Bridge with new bridge infrastructure and more minimal options.

Landownership and Fragmentation

- 12 The ownership of properties in Ladies Mile is also a key consideration when thinking about comprehensive planning along Ladies Mile. The area is currently held in 16 separate land ownerships. Fragmented land ownership can make urbanisation difficult as each land owner has different drivers that may not align with each other or Council.

- 13 It should be noted that through the recent PDP decisions this area is on the cusp of becoming an area for rural lifestyle development. Should development occur as per the PDP, the area could become more fragmented and subsequently more complex, costly and difficult to proactively plan as a local centre.

Infrastructure

- 14 If the Housing Infrastructure Funding (HIF) is not available because of the decision not to proceed with the SHAs along Ladies Mile then new funding will need to be sourced and secured. Council could fund capital expenditure in the standard way through the Long Term Plan although this would not be interest free and the previous costings would likely need to be revised. Funding options such as the Infrastructure Funding and Financing (IFF) proposals developed by the Department of Internal Affairs can be further investigated.
- 15 It is recognised that further development that requires access onto Howards Drive means a roundabout would be required at the intersection of Howards Drive and SH6 (see the red circle below).

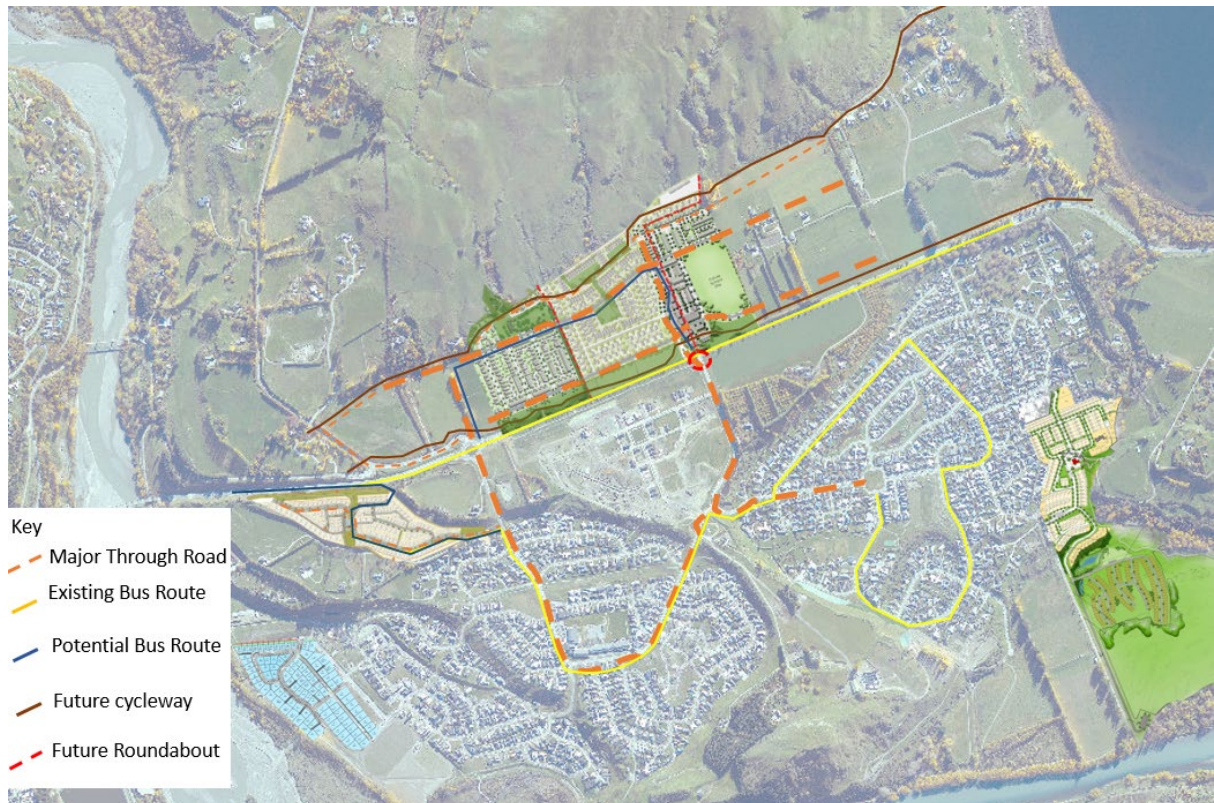


Figure 2: Transport Overview Ladies Mile, Shotover Country, and Lake Hayes Estate

Shotover Bridge

- 16 Based on recent analysis, Council officials and NZTA have a shared view that the Shotover Bridge has already reached its capacity in terms of numbers of vehicles that can travel across it without producing queues of traffic at certain times of the day and that this would get worse with significant urban development in Ladies Mile if nothing else changed. It is also apparent that duplicating or replacing the

Shotover Bridge in the short to medium term is highly uncertain given the difficulty and cost.

- 17 However, rather than viewing the capacity of the bridge as a “dead hand” preventing any further development in this area, the bridge can be seen as an opportunity to achieve higher vehicle occupancy, changes of mode to public transport and active modes, and potentially to accelerate plans for mass rapid transit between the Airport, Queenstown Town Centre, Five Mile Town Centre and Ladies Mile. Moving people from travelling in single occupant vehicles to other modes in response to congestion constraints is not uncommon around the world and can be done with a great deal of effort and investment. Given the growth of the district, this challenge may need to be tackled to ensure the transport network continues to perform regardless of what happens at Ladies Mile.

Development Capacity

- 18 It is a requirement of national policy affecting decisions on district plans that Council plans must ensure there are sufficient opportunities for development so businesses and households can be accommodated in appropriate locations without undue constraint. The district plan already contains substantial capacity for housing growth. Council’s Housing Development Capacity Assessment 2017 shows total housing capacity well in excess of demand in the short, medium and long term under both a medium and high growth outlook, using a conservative approach to determining if the development is economically feasible and allowing for an additional margin.
- 19 However, there are a number of reasons why this is not considered sufficient in planning for the longer term:
- the capacity assessment shows a likely shortfall in the provision of dwellings at the lowest dwelling value bands, under \$580,000, which is a point beyond which housing is likely to be unaffordable to a significant proportion of households;
 - lack of available land for developing urban communities that deliver houses into the market in a timely and expeditious way is a significant reason behind affordability problems in Queenstown Lakes District; a fact which is exacerbated by the District being one of the fastest growing areas in the country;
 - our housing market is also currently tasked with supplying significant amounts of visitor accommodation, and is a magnet for investment in second homes from people and entities around the country and overseas with resources well beyond what the local workforce can afford. The proportion of the housing market being taken up by short term letting businesses is growing significantly and difficult to curb;
 - development capacity available through infill development and redevelopment has historically experienced limited take up in the Queenstown market and relying wholly on this capacity to provide for housing is likely to add to pressure on house prices;

- when recently asked, all of the major owners of land identified for urban development in the district indicated an intention to bring land to market within 5 years but experience suggests that the development market in Queenstown fluctuates significantly and some developers prefer to provide sections in small tranches over a long period of time;
- enabling new greenfield land in multiple locations avoids having bottle necks in supply putting upward pressure on prices, and allows more scope for development to utilise economies of scale to bring down prices.

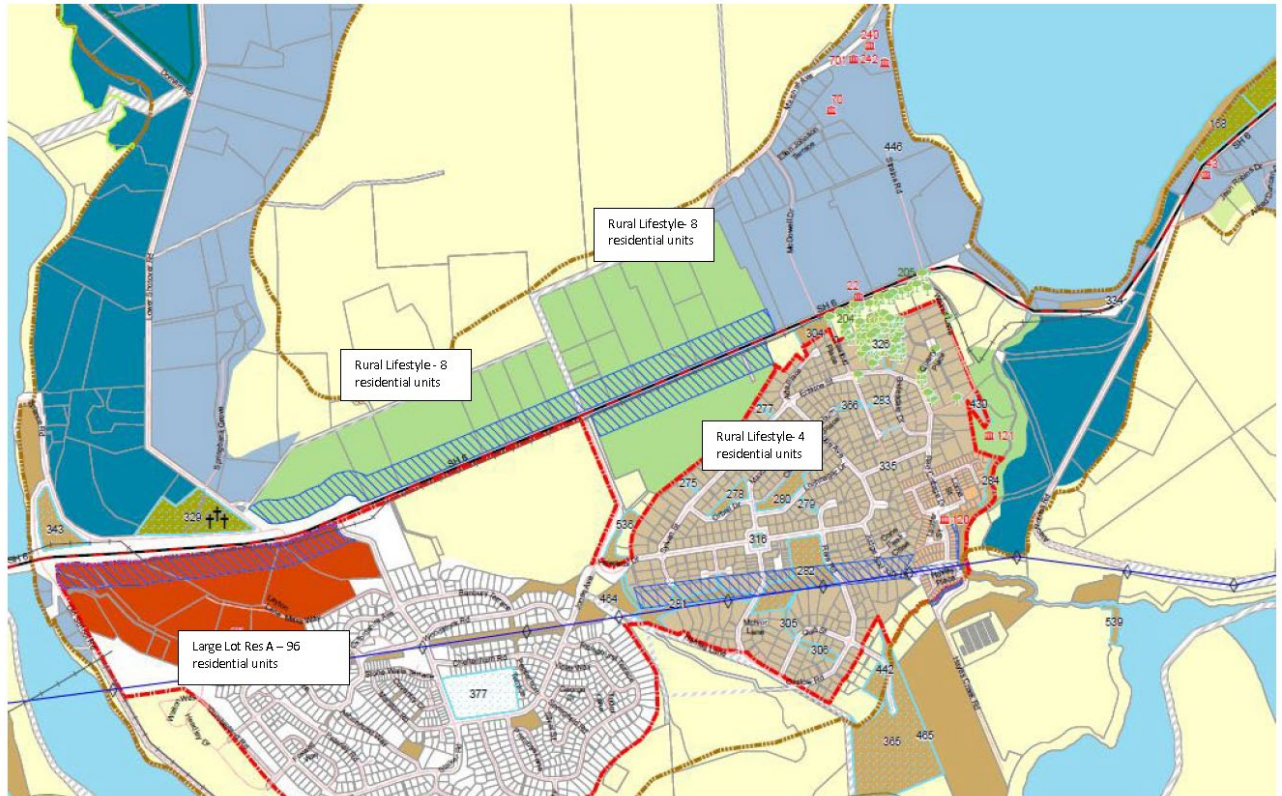
Planning Options for Future Communities

- 20 Agreement on the longer term development outcome previously agreed and planned for Ladies Mile, leaves a number of pathways that could be followed to ensure that the growth of Ladies Mile delivers what is best for current and future communities. The following options set out a range of planning approaches and do not consider the merits of specific development proposals or infrastructure projects.
- 21 A number of advantages and disadvantages are shared across all options such as the following:
- uncertainty about what if any contribution to the Housing Trust could be achieved;
 - possibility of land banking once land is upzoned, this could lock newly zoned urban land in the Ladies Mile up for an unknown period of time or see it being drip fed the market;
 - No options can be implemented quickly and potential delays will make development and the houses more expensive. Any protracted delays are likely to mean Housing Infrastructure Funding is not available for key infrastructure;
 - Development contributions are paid over time as a subdivision/development proceeds and this often does not facilitate early strategic purchases of land for open space and infrastructure;
 - Partial development of Ladies Mile or development at low or low-medium density would be worse than having it remain rural from a transport point of view and in broader terms would not make best use of the land.

Option 1: Implement Proposed District Plan (Status Quo)

- 22 This option involves changing position on urbanisation of Ladies Mile and implementing the zoning and plan provisions in the PDP which provide for Rural Lifestyle and Large Lot Residential Zones on the key landholdings of the indicative masterplan area. This could ultimately mean losing the opportunity of developing the Ladies Mile for urban purposes.

- 23 Depending on the outcome of individual applications for resource consent the PDP allows for approximately 20 new lots on the Rural Lifestyle Zoned land at Ladies Mile and 516 Frankton Road SH6 and 96 lots on the Rural Residential A zone south of Ladies Mile, at and around the Laurel Hills proposed SHA site (see figure 3 below for details).



Total Yield on Rural Lifestyle Zone: 20 units

Total Yield on Large Lot Res. A Zone: 96 Units

Figure 3: Proposed District Plan Zones and overlays (2019 Decisions Versions)

- 24 Development of this land for urban purposes as a comprehensively planned integrated development in the medium to long term is considered highly unlikely if the PDP zones are implemented. Stepping away from developing the Ladies Mile area is likely to remove all impetus to address the key transportation challenges and could also jeopardise efforts to address issues with providing adequate local services and community facilities in the area proactively.
- 25 The disadvantages to this option are that:
- commitment to Central Government partners would be lost in regards to the HIF and MBIE, the NZTA and MOE;
 - perception that Council has acted in bad faith with the Ladies Mile SHA developers as Council Lead Policy indicated that Ladies Mile should be developed as a greenfield development area;
 - there will be no ability to increase the density in the near term;
 - no potential for new community facilities at Ladies Mile (other than at 516 Frankton Road Ladies Mile and the existing offerings within Shotover Country and Lake Hayes Estate);

- e. lose ability to require density which supports shift to public transport and active modes. Traffic issues may increase from development capacity available in Frankton, Shotover Country and Lakes Hayes, or further afield in Cromwell or beyond;
- f. lose opportunity to improve housing affordability as less houses would be built;
- g. rural aspect to the north of Ladies Mile likely to erode over time under the Rural Lifestyle zoning (albeit with nothing like the degree of change with other options).

26 The advantages to this option are:

- a. retains the relatively rural aspect to the north of Ladies Mile;
- b. development of Ladies Mile would not contribute to the transport issues currently experienced along Ladies Mile and SH6;
- c. the district plan work for this area is essentially done if very limited future development of the area is preferred;
- d. If, in the future, the key concerns with urban development of this area were able to be addressed, such as the capacity constraints on the Shotover Bridge and along SH6, a plan change could be advanced to promote urban development of the Ladies Mile (this is considered unlikely).

Option 2: Developer Led Structure Plan and Private Plan Change Process(s)

- 27 A combination of developer led RMA processes and structure planning could be utilised as a tool to help develop the Ladies Mile. This approach assumes that land owners and developers will look to initiate their own proposals to increase density of development could involve initiating a joint structure planning exercise with stakeholders and landowners that produces an overall structure plan of key elements of an urban development at Ladies Mile, together with plans for infrastructure, key community facilities, open space, and staging and timing of development. A structure plan can be a non-statutory document, or it could be incorporated into the district plan, or implemented through a commercial agreement.
- 28 This option entails withdrawing the land at Ladies Mile in the indicative masterplan area from the PDP to allow developers to prepare and lodge a private plan change or changes for the area² that hopefully implements and aligns with the overall structure plan.
- 29 Under this option resource consents to enable development would not be able to be lodged until the plan changes become operative as private plan changes have

² Under the RMA a private plan change can only be initiated with an operative district plan and only a Council can seek to change a proposed district plan. Under the Operative District Plan this area is predominantly zoned General Rural which would not allow the area to be developed for urban or rural lifestyle purposes.

very little legal effect upon notification, which creates a high level of risk for a developer.

30 The disadvantages to this could be:

- a. poorly coordinated plan changes that don't complement one another and don't adhere to an overall plan for subdivision and development (such as a structure plan) which in turn promotes ad hoc poorly connected development. This option affords much more limited control to Council and developers could look to develop individually Minimalist or contested approaches to the provision of land for community facilities and open space would be possible;
- b. the Council being in a position of responding to private plan changes is a reactive and lessor role than being the proponent and architect of the provisions;
- c. the outcome could be uncertain as the process is subject to decisions by independent commissioners and higher court Judges and could also take a long time to get through the process. Uncertain quantum and timing of development yields makes planning for infrastructure and facilities problematic;
- d. as a landowner of 516 Frankton Ladies Mile Council can be a submitter to private plan changes in this area and will also wear another hat as a regulator which is potentially confusing;
- e. multiple plan changes would be confusing and taxing for all participants. Adding to this, the rules don't take legal effect until a private plan change is resolved under the RMA;
- f. Council pays the cost of participating in any appeals which may take years to be adequately resolved;
- g. land use that encourages (locks in) reliance on private cars for accessibility the effects of which is likely to overwhelm the limited capacity of the road network and is difficult to service with public transport. Developers could develop in a similar fashion to Shotover Country and Lake Hayes Estate. Lower density land use is inefficient and will require additional land to provide enough land for housing a local centre and adequate community services;
- h. timing of any change(s) would be entirely determined by the landowner or developer and due the nature of the RMA conflicting objectives from competing developments could see the proposals stymied in process for years;
- i. fewer options are available to developers in terms of funding and ability to designate.

31 Advantages to this include:

- a. cost sharing - developers pay for Council's costs when they initiate a private plan change and would also have to provide all the technical supporting evidence individually or collectively;
- b. evidence burden - showing how issues are to be addressed and resolved would not sit with the Council although Council will be expected to respond with its own evidence;
- c. market drivers - provisions may promote density and integrated development that supports transit oriented development in order to address network capacity constraints. Incentive for developers to promote and promise a range of attractive features which could include open space and community activities in order to make the sections sell. Development can be staged to align with transport network upgrades through the structure plan and private agreements can share the costs of enabling infrastructure amongst the partners;
- d. RMA plan change process allows for Council, community and stakeholder input. Rights to submit, be heard and appeal will allow participants to protect their interests.

Option 3. Council Led Structure Plan and Plan Variation

- 32 A Council led structure plan and variation to the PDP can be designed to ensure that, over the short to medium term, the Ladies Mile is more likely to achieve Council and the communities' aspirations for this area. A key advantage is the ability to comprehensively design at a different density, to design-in solutions to that density, and to take community led approach with the component parts being addressed as a whole. This option again entails initiating a joint structure planning exercise with stakeholders and focused community input that produces an overall structure plan of key elements of an urban development at Ladies Mile, together with plans for infrastructure, key community facilities, open space, and staging and timing of development. A variation to the PDP that applies zone and plan provisions, including a structure plan to guide and manage development and use of the area for urban purposes would follow on from developing the structure plan.
- 33 Council could prepare and notify a Council led plan variation (independent from Stage 3 of the PDP process) that incorporates a structure plan for the whole of the intended development area and a set of zones and rules including staging and timing conditions. This would then be a framework guiding future development that reflects Council's aspirations (and those of the community that support urbanisation) for this land.

Possible Timeframe

- 34 If chosen, this option will need to be started as soon as possible as it will take 3-9 months to prepare a structure plan and plan variation for notification. The submission period, preparation of evidence, hearings, issuing of decisions and getting to the appeal stage could take a further 6-12 months and from there the time that could be taken to resolve appeals is hard to predict. The nature of these

process steps will mean it is likely to take 24 months - 48 months before any houses are constructed on the Ladies Mile.

Alternate approaches within this option

- 35 If this option is chosen further work and reporting back on how such a Council led plan variation would be undertaken would be supported in order to confirm detailed decisions on the following:
- a. Have particular regard to the (as yet undeveloped) Queenstown Lakes Spatial Plan in confirming Council's approach to developing the Ladies Mile³;
 - b. Confirming the scope of the structure plan and variation. For example decisions are needed on whether to exclude adjoining land holdings such as land off Spence Road, Alec Robbins Road and Queenstown Country Club;
 - c. This work could be prioritised over Stage 3 of the proposed district plan review (not recommended at this stage);
 - d. Possibly seeking rules to have immediate legal effect to allow for earlier implementation to allow for development to get started sooner (not recommended at this stage as it is unlikely to succeed);
 - e. Using the streamlined planning process that entails having the Minister make the ultimate decision would prevent a decision being appealed to the Environment Court. The streamlined planning process would require strong alignment with central government agency objectives and could be ruled out by what Council may seek to do on its landholdings in the area;
 - f. Using the powers and expedited processes enabled by the Urban Development Authority Specified Development Process in the future to resolve sticking points once a structure plan and variation are prepared (see **Option 4** for details);
 - g. Delaying development of a variation to allow for the inclusionary zoning (affordable housing) plan change to progress through the process to a point where it takes legal effect in order to try to secure a contribution of affordable housing land to the Housing Trust. A small delay could allow for plans for Mass Rapid Transit to be further development and integrated with the plans for Ladies Mile;
 - h. Possible use of Council powers to designate to expedite certain outcomes or arrangements;
 - i. Rather than using a highly focussed engagement process including shared learning and feedback to develop a structure plan (as recommended in this

³ When completed the Spatial Plan will consider long term growth and development, investment and funding across the wider Queenstown, Wanaka and Cromwell area.

report), use a more deliberate and iterative masterplan process to completely redo (rather than refresh) the indicative masterplan developed for this area. A masterplan process (if preferred) could lend itself to developing more of a partnership approach with the community and other stakeholders.

36 The disadvantages to Option 3 as a broad conceptual approach is that there would be:

- a. long lead-in time– this process would involve preparing plan change documentation and rigorous supporting evidence to addresses the potential adverse effects of urban development. It will be challenging to maintain momentum and make this a priority for central government, ORC, NZTA and other key parties given their other commitments and the inherent lack of certainty about timing and outcomes;
- b. cost burden – this process would put the cost of resourcing the preparation of a structure plan and plan provisions and notification and hearing of a plan variation and any resulting appeals on Council. This cost also includes the opportunity cost of diverting key staff from other potential projects;
- c. uncertainty of outcome - process can be appealed by anyone who submits or has a greater than general interest in the outcome of any appeals. The Environment Court or a higher court will very likely be the ultimate decision maker not Council;
- d. requiring minimum densities and yields to be achieved through the district plan would be a change of approach to the PDP and may be difficult to achieve or straight forward. The RMA is effects based legislation and an argument can be advanced (against arguments about efficient use of resources and the need to provide density to support a more walkable development outcome) that less density means less effects. This type of reasoning could be adopted by developers/submitters that may be opposed to an increase in density and/or commercial/retail/service activities;
- e. Council being a landowner in this area could confuse and complicate the Council's role as regulators and elected community representatives.

37 The advantages of this option could include:

- a. more integration - Council (through a team of council staff and suitable consultants) would develop plan provisions to promote the outcomes it wants for this area across multiple properties with a set of provisions that promote defined outcomes and aspirations for this area;
- b. timing may be better - allow appropriate time to do further work on the transport related challenges for this area before more houses are built in the Ladies Mile;

- c. participation - allows significant opportunities for community and stakeholder participation in a relatively transparent process including allowing people to submit and appeal to protect their interests;
- d. consistent position - continues the approach Council adopted through promoting the development of Ladies Mile under the SHA lead policy;
- e. driving seat - provisions can promote density done well, a comprehensively planned centre based development and a more transit oriented development that supports and aligns with plans for public and active transport;
- f. single plan change process easier for stakeholders and interested parties.

Option 4 - Urban Development Authority Specified Development Project

- 38 This option involves promoting a change to the PDP, and relying on the yet to be established Urban Development Authority to take on development of Ladies Mile as a Specified Development Project. Little is known about the option at present and it is unclear if legislation to empower this process will make it through parliament. It is intended to facilitate large scale complex projects at pace.
- 39 This option could utilise an extensive range of powers including land assembly through compulsory purchase, powers to change designations and the district plan, contemporaneous consenting and planning, power to create swap and reconfigure reserves, power to fund build and change infrastructure including targeted rates and betterment levies, and mechanisms to facilitate Maori partnership and participation. The ability to coordinate government agencies and funding and to combine consenting and a plan change with no, or limited appeal rights are key advantages to consider against possible loss of direct Council control.
- 40 Although there are numerous comparable overseas examples of how a process such as the UDA SDP process can work, details of how special development projects will function is currently uncertain other than to note that it is likely to entail a multi-agency approach where the preferences of Council and the community will be one of a range of inputs into decisions.
- 41 The disadvantages to this Option is that there would be:
- a. ceding of local powers over plan making, infrastructure and consenting;
 - b. limited opportunity for public input;
 - c. process is likely to be intensive and demanding for participants;
 - d. affordable housing contribution unknown (potentially unlikely);
 - e. Council pays the cost of participation of staffing and facilitating the project (other than agency and stakeholder reps);

- f. no rights of appeal will limit participation and impact on people's rights;
- g. may not suit an urban development project of this medium sized scale.

42 The advantages to this Option is that there would be:

- a. wide range of powers include ability to coordinate government agency inputs, land assembly, funding and reserves powers, change the district plan and designations;
- b. combines consenting and plan change processes in one process;
- c. has some opportunity for community and involvement in decision making;
- d. no rights of appeal will make housing happen faster;
- e. could have the potential to coordinate and achieve outcomes promoted by a process initiated under Option 3 in the future.

Conclusions on the four Options

- 43 The option of Council leading the development of a structure plan and plan variation (**Option 3**) is recommended on the basis that it will provide the best opportunity to promote specific future outcomes across the Ladies Mile area and it facilitates community and stakeholder participation in a transparent and contestable public process. In saying this it is important to note the potential for Option 3 to encounter significant delays, that due to the nature of the RMA plan change process it requires significant commitment to addressing key issues arising, that Council will take on significant costs and that it won't necessary address all concerns and produce all outcomes sought.
- 44 **Option 1** (Implement Proposed District Plan) is not supported on the basis that it represents too much of a lost opportunity for future development in the District and for the community in the Lakes Hayes and Shotover Country area. However, despite the lack of significant long term potential benefits, the scale of the challenges with developing Ladies Mile for urban purposes and the high degree of risks with other options mean that it should be carefully considered. **Option 2** (developer led structure plan and private plan change process(s)) is not supported because relying on developers is less likely to achieve overall balanced outcomes and because of problems likely to arise with partial and uncoordinated development of the area. **Option 3** is preferred over **Option 4** (Urban Development Authority Specified Development Project) partly because of lack of certainty around the UDA legislation and process at the present time and it may be that **Option 3** could be become a Specified Development Project under the UDA in the future if that was preferred.

Risk

- 45 This matter relates to the Community & Wellbeing risk category. 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.

- 46 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 of providing future housing and land packages that are targeted at first home and lower income buyers are a critical consideration. The subsequent plan change and consent assessment process will provide an opportunity for further mitigation of the associated economic, social, environmental and reputational risks.

Financial Implications

- 47 The cost of reviewing the district plan is accounted for in existing budgets however there is a high likelihood that developing a plan change for this area will entail significant potential for Should the HIF funding be lost, one of the biggest financial risks is the loss of the government's free loan and the need to replace that with more expensive borrowing. Should development proceed under an RMA process only, then it may be that alternative mechanisms for funding infrastructure would need to be considered. Funding options such as the Infrastructure Funding and Financing (IFF) proposals developed by Treasury can be further investigated as required.
- 48 The recommendations set out in this report require further reporting on issues and options for funding.

Council Policies, Strategies and Bylaws

- 49 The following Council policies, strategies and bylaws were considered:
- Vision Beyond 2050 and in particular the statements relating to Thriving People, Opportunities for All, Zero Carbon Communities, Disaster Defying Resilience, and Pride in Sharing Our Places
 - Lead Policy for SHAs which anticipates SHA applications in the Ladies Mile Area noting that the Special Housing Areas Act legislation is due to expire in September 2019;
 - The Operative District Plan 2009 and the decisions on the Proposed District Plan for this area in 2019, neither of which provide for urban development of the Ladies Mile area;
 - Growth Management Strategy 2007 noting that the PDP and SHA decisions has effectively rendered this strategy defunct and that Council is currently preparing a Spatial Plan that will consider long term growth and development, investment and funding across the wider Queenstown, Wanaka and Cromwell area;
 - Housing Our People in our Environment Strategy noting that Council is currently preparing a Homes Strategy which will give effect to the Mayors Housing Affordability Taskforce and October 2017 report which recommends Council encourage improved approaches to delivering future housing supply;

- Economic Development Strategy 2015;
- 2016/2017 Annual Plan and the 2018-2028 Long Term Plan.

50 The recommended option is consistent with the principles set out in the named policy/policies noting that a number of these policies are currently subject to review. In particular, the ongoing review of the district plan is included in the Ten Year Plan and Annual Plan.

Local Government Act 2002 Purpose Provisions

51 This item relates to the Proposed District Plan. Section 10 of the Local Government Act 2002, needs to be considered in that it fulfils the need for good-quality performance of regulatory functions.

The various options noted in this report relate to:

- Council's ability to provide for land that meets the current and future needs of the community 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;
- Could alter the intended level of infrastructural service provision undertaken by or on behalf of the Council.

Consultation: Community Views and Preferences

52 This matter is of medium significance, as determined by reference to the Council's Significance and Engagement Policy because although the Ladies Mile is a matter of importance to the Queenstown Lakes District and strong community interest, this report and its recommendations do not affect assets or funding, or commit Council to specific undertakings or expenditure.

53 A wide range of persons and agencies are affected by or interested in this matter including local residents and landowners, NZTA, infrastructure providers and different parts of Council. Any of the options set out above will entail their own processes for consultation and addressing community views and preferences.

54 The Expression of Interest Process for the three proposed Special Housing Areas and before that the SHA Lead Policy change provided an extensive body of public feedback about the issues with urban development at Ladies Mile. It is considered that Council are well placed to determine which option is preferred on this basis.