

His Worship the Mayor Jim Boulton  
Queenstown Lakes District Council  
PO Box 50072  
Queenstown

18 March 2019

Dear Sir

### **JOPP STREET PROPOSAL**

Since its inception, the Queenstown Lakes Community Housing Trust (QLCHT) has enjoyed a long-standing relationship with the QLDC, built on shared values to provide affordable homes for our community. The most recent evidence of our success is the six new households who have moved into brand new, perpetually affordable homes in Shotover Country.

However, even with achievements like this, there is much more to be done, and your work establishing the 2017 Mayoral Taskforce demonstrates the long-term commitment to our mutual goal of 1000 affordable homes in the next ten years.

Although QLCHT anticipates receiving significant contributions from land developers over the next few years through the assistance of QLDC, on its own this will not be enough to reach the 1000 homes goal by 2028. For this reason, it is imperative that Council and Trust work together to access all other resources available.

As you are aware, QLCHT has been in active discussions with QLDC for many years over the potential to develop the Council-owned land at Jopp St, Arrowtown for the purposes of a comprehensive affordable housing development.

With the recent resolution to change the underlying zoning of this land, the unprecedented pressure on housing in this District and the current political appetite to make a real difference, it would now appear there has never been a better time to turn this long discussed goal into a reality.

Jopp St is a currently underutilised Council asset, which if transferred to the Trust, will enable the provision of 55 affordable homes to be held in community ownership in perpetuity. This is a significant contribution towards the 1000 homes goal.

With nearly eligible 600 households on its waiting list, QLCHT has no shortage of demand for such homes. These are permanent residents and citizens, who contribute to the social, economic and environmental wellbeing of this District and are genuinely struggling to commit to the area because of the housing affordability issue.

By transferring the Jopp St site to QLCHT, together we can help retain these key workers in our community and continue to build on our mutual ongoing commitment to achieving affordable housing for the district

Yours faithfully

A handwritten signature in blue ink, appearing to be 'A. Blair', written over a faint horizontal line.

Andrew Blair  
Chair, Queenstown Lakes Community Housing Trust



## **Purpose**

This proposal seeks approval in principle of Councillors for the transfer of Council owned land at Jopp St, Arrowtown (Lot 2, DP 300390), to QLCHT for the purpose of continuing its agenda of providing affordable housing in the district.

Guidance for this proposed transfer is in accordance with the Relationship Framework Agreement between Council and the Trust, executed March 2019, as well as the Housing Affordability Taskforce recommendations adopted by Council in October 2018.

## **Background**

A number of years ago QLCHT and Council identified the Jopp St site as potentially suitable for affordable housing. In January 2010, a Heads of Agreement (HoA) was signed between Council and the Trust, recording the intentions of the parties to transfer the land to QLCHT for the purposes of community housing (attached as Appendix 1). This HoA outlined the terms and process requirements for a land transfer to QLCHT at nil consideration. However; Council's subsequent Plan Change 29, Arrowtown Boundary (PC29), excluded Jopp St within the Urban Growth Boundary.

This went against not only undertakings made in the HoA, but also the most recent Arrowtown charrette. The Arrowtown charrette was a community planning workshop held in 2003 with 104 people participating over two days. This resulted in a 76-page report and examined every issue of Arrowtown including pathways, residential boundary, town centre, community, facilities, traffic management, lighting, infrastructure, etc. This charrette produced "The Arrowtown Plan" and sought to build on the very successful previous charrette in 1994. The plan "favoured inclusion of the Jopp St land owned by Council within the town boundary." A comprehensive residential development concept was tabled as one of the outputs from the charrette comprising around 60 homes.

QLCHT has not given up on its desire to build a community housing development at Jopp St and continues to seek a land transfer from QLDC for this purpose. The Trust is fully committed to this project, having spent around \$40k in consultant fees to date. It is acknowledged that many years have passed since the HoA was signed, and a new agreement should be created which will supersede the existing HoA.

## **Zoning**

The inclusion of Jopp St within the Arrowtown urban growth boundary, and rezoning of the land for residential purposes was sought through the Proposed District Plan process. The site is a natural extension of the existing boundary, and is easily validated as it is surrounded on its adjacent boundaries by the golf course and Arrow River. This view was supported by the Shaping Our Future group, which submitted for its inclusion in the urban growth boundary via the District Plan review process (along with QLCHT). The site was subsequently recommended by the commissioners to be

rezoned to Low Density Residential under the PDP, and included within the Urban Growth Boundary. Council adopted this recommendation on 07/03/19, and once operative, the underlying zoning will allow for in excess of 100 sections on the site.

*In consistency with the recently adopted PDP provisions, QLCHT is proposing this site is developed to accommodate a proposed 65 lots through the resource consent process, which will be driven by the Trust.*

## **Development potential**

### Masterplan

In August 2018, QLCHT engaged planning company, Williams & Co, to create a master concept plan, which provided for a possible 65 units on the 3.7Ha site (attached as Appendix 2).

All homes will have a single garage or carport as well as one off-street park. Final configuration of typologies has not yet been confirmed, but it is anticipated the development would be made up as follows:

- 5 x 1-bed units (at least 3 likely to be allocated for Senior Housing),
- 20 x 2-bed homes for Seniors, couples and smaller families,
- 36 x 3-bed homes for standard families,
- 4 x 4-bed homes for larger families.

House designs will be consistent with the surrounding neighbourhood. QLCHT has a firm goal of delivering aesthetically pleasing developments, which not only the occupants will take pride in, but which will also enable the community as a whole to be proud of. We believe we achieved this with our Suffolk St development, and are committed to bringing the same design principles to Jopp St.

QLCHT believes the site is well placed for a comprehensive medium density development, being situated away from the main road (Centennial Ave) and close to the river. This would have a reduced visual impact on the entranceway to Arrowtown, and would likely be more appealing to the local community. See attached collage of medium density developments QLCHT has done to date which highlight its ability to create aesthetically pleasing small homes (attached as Appendix 3).

We are actively engaged with the Arrowtown Planning Advisory Group (APAG) to ensure we get the best possible urban design outcome at Jopp St. Once QLCHT has received approval from Council in principle to continue with its proposal, architects will be engaged to create a detailed design. We see great opportunity in being able to design a comprehensive development of this scale, rather than a piecemeal development process that is typically seen in standard subdivisions.

Initial conversations with APAG have highlighted the need to preserve the existing trees on the site if possible. Although they have no formal status in the DP, they are of intrinsic value to the local community, and as such we anticipate designing roading and green space around them (subject to an arborist confirming them being in suitable condition).

After conversations with the neighbouring Arrowtown Golf Club, a reserve area has been incorporated into the masterplan, which addresses the golf club's requirements around an adjacent hole. This will meet international best practice guidelines for a residential development being built next to a golf club, and at the same time will provide an ideal space for community gardens, and overflow parking.

## Tenure

QLCHT envisages a true mixed tenure development model as follows:

- 35 x Secure Home properties
- 20 x Affordable Rentals (including around 5 allocated for Senior Housing)
- 10 x independently owned properties.

## **Affordability**

Affordability will be structured to suit the individual household's means through a suite of programmes including the following:

- *Secure Home* - those with financial resources will be able to access home ownership through the Secure Home programme from potentially as little as \$250k for a 1-bed unit through to \$400k for a 4-bed unit. This programme was launched last month with a great response <https://crux.org.nz/community/a-bright-new-dawn-for-qtown-affordable-housing/>.
- *Rent Saver* – households will pay a lower quartile market rent and commit to a long-term savings plan, which will enable them to progress into Secure Home after 5 years.
- *Affordable Rental* – low-income households will pay around 80% of a lower quartile market rent, or if they qualify for the Government's Social Housing Register, they will pay an income related rent as set by the Ministry of Social Development.
- *Senior Housing* – same as Affordable Rental households above but only applicable to those over 65 who meet QLCHT's Senior Housing programme parameters.

## **Demand**

A survey of Arrowtown renters carried out by QLCHT confirmed 89% of 92 renters are interested in a QLCHT-assisted property in Arrowtown (attached as Appendix 4).

QLCHT has met with representatives of the Arrowtown Primary School, who confirmed their support. They noted their concerns over a declining school roll, and difficulties attracting and retaining staff.

There are 585 eligible households currently on QLCHT's waiting list seeking housing assistance. Collectively, we need to act now to retain these key workers in our community.

## **Community Benefit**

QLCHT acknowledges that the current reserve status of the land will need to be changed, and that a land transfer means Council will forgo a considerable revenue stream by not selling the land on the open market. However, the Trust sees the following significant benefits flowing from a land transfer decision:

- It makes excellent use of a currently underutilised Council-owned piece of land.
- The bulk of the land remains in community ownership permanently.
- It creates a community asset, in perpetuity, valued in the tens of millions.
- It requires no risk or new investment on the part of Council (aside from the transfer).
- It is a significant contribution towards the 1000 homes goal adopted by Council on behalf of the community.

## **Infrastructure capacity**

### Three waters

Wastewater modelling undertaken on behalf of Council indicates there is sufficient capacity within the QLDC network to connect up to 70 lots (attached as Appendix 5).

Council has obtained a report from Mott MacDonald noting there is currently sufficient existing infrastructure for water except for the ability to meet FW2 firefighting flows (attached as Appendix 6). Council officials provided an estimate of \$20k-\$30k to upgrade the pipe.

QLCHT also engaged Holmes Consulting to prepare a high level servicing report for three waters infrastructure, which provided three wastewater options with the recommended one being a gravity sewer to the nearby Norfolk Street Pump Station at a cost of \$300k (attached as Appendix 7).

### Soil contamination

Last year the Trust undertook a soil analysis investigation and obtained a report that confirms the site is suitable for residential housing, subject to some minor remedial or management measures (attached as Appendix 8).

### Roading capacity

QLCHT has engaged Andy Carr (Carriageway Consulting) to undertake a traffic assessment. His report noted that overall, the proposed development can be supported from a traffic and transportation perspective, and it is considered that there are no traffic and transportation reasons why it could not be approved (attached as Appendix 9).

### Geotech

Ground Consulting Ltd (GCL) was engaged in October 2018 to undertake a geotechnical assessment of the site, and who reported that Jopp St was suitable for development, subject to remedial work on the non-engineered fill (attached as Appendix 10).

## **Time frames**

QLCHT is currently preparing documents for a resource consent application once the land is rezoned to Low Density Residential under the PDP. It is anticipated resource consent could be lodged as soon as 1 month after Council confirms the land transfer, and from this date, QLCHT would expect to allow 12 months for processing the consent and civil works, before commencing building construction.

## Request to Council

### 1. Land Transfer

Following the adoption of recommendations from the Mayoral Housing Affordability Taskforce report, QLCHT and Council have both set the goal of building 1000 more affordable homes in the District by 2028. Council has identified QLCHT as its preferred vehicle for delivering on the 1000 homes. However, it is widely acknowledged the Trust cannot achieve this on its own, and is reliant on Council support to accomplish this bold goal.

As noted in the background component to this paper, QLCHT has been engaged with Council in discussions over a land transfer of Jopp St for many years. After the transfer of the Suffolk St land to QLCHT in 2013, and subsequently successful development built on this site, QLCHT has proven it has excellent capability to deliver quality, affordable housing to the community in partnership with Council. Although there was some public resistance to the Suffolk St land transfer at the time, members of the community are now very supportive of the development and the Trust as a whole.

There are a number of options as to how to proceed with a land transfer. These include:

1. Transfer by Council at nil consideration.
2. Sold to the Trust at a discount to market value.
3. Sold to the Trust at market value.

From QLCHT's perspective, this development will only work if the freehold land is transferred at nil consideration. The Trust does not have sufficient capital resources to purchase the land, even at a discounted value. All QLCHT's equity is currently tied up in the purchase of the 50 Toru apartments at Remarkables Park in 2021. Furthermore, there will be significant civil works costs associated with the development of the land, which QLCHT will not be able to recover as it will never sell the land.

***The transfer of the Jopp St site to QLCHT at nil consideration will be part of Council's contribution towards the 1000 homes target, and by doing so it will ensure that the land remains in community ownership in perpetuity.***

### 2. Market Sales

The attached high-level development costs (attached as Appendix 11) show civil works of \$4.2m and build costs of \$22.7m, totalling \$27m.

***QLCHT does not wish to add the cost of civil works on to the Secure Home sale prices, so is proposing up to 10 homes are developed by QLCHT and subsequently sold on the open market.***

Based on land values of \$300k per site, this will enable QLCHT to recoup approximately \$3m of the civil works costs, and enable QLCHT to offer truly affordable homes through the Secure Home programme.

In addition, selling homes on the open market will provide a genuine mixed tenure development, with a community made up of independent owners, seniors, Secure Home households, Rent Saver households and Affordable Rental households. QLCHT

Of the 65 sections, 55 will be held in QLCHT ownership in perpetuity and only used for the Secure Home and QLCHT's long-term rental programmes. This is an important aspect of the proposal that will be safeguarded by legal encumbrances between Council and QLCHT.

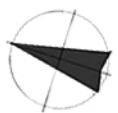
**Request to Council**






1. Council agree in principle to transfer the land to QLCHT at nil consideration.
2. Council agree to QLCHT selling up to 10 developed homes on the open market to recover civil works costs.



## Appendices

Appendix 1	Executed Heads of Agreement, Jan10
Appendix 2	Proposed Jopp St concept master plan, Aug18
Appendix 3	Jopp St house typologies
Appendix 4	Arrowsmith Renters Survey, May17
Appendix 5	Email re Jopp WW Modelling, Oct17
Appendix 6	Mott MacDonald Jopp St Water Impact Assessment, Jun18
Appendix 7	Holmes Infrastructure Assessment, Aug18
Appendix 8	Jopp St Detailed Environmental Assessment, Jun17
Appendix 9	Carriageway Consulting Transport Report for Jopp St, Sep18
Appendix 10	GCL Geotech report, Oct18
Appendix 11	Jopp St high-level development costs,
Appendix 12	Jopp St Topographical Survey, Apr10
Appendix 13	Jopp Street map



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-  20 2 BED SINGLE STOREY
-  16 3 BED SINGLE STOREY
-  20 3 BED DOUBLE STOREY
-  4 4 BED DOUBLE STOREY

Jopp Street  
CONCEPT MASTERPLAN

REV C 05.03.19

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Jopp Street  
HOUSE TYPOLOGIES

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