

**QLDC Council  
3 June 2015**

**Report for Agenda Item: 1**

**Department: Planning & Development**

**Special Housing Areas Expressions of Interest: Assessment and Recommendations**

**Purpose**

- 1 The purpose of this report is to assess 13 Expressions of Interest for Special Housing Areas for consideration for recommendation to the Minister for Building and Housing.

**Executive Summary**

- 2 The Council entered into a Housing Accord with the Minister for Building and Housing in 2014. Under that Accord, Council has committed to achieving housing targets over the three year life of the Accord. The means of achieving the targets is through Special Housing Areas (SHAs). SHAs provide additional development rights over and above District Plan provisions. SHAs are subject to an alternative approval process outside normal RMA processes. The process has shorter timeframes and only provides for discretionary limited notification of applications (not full public notification). There are no rights of appeal (below 4 storey building development). These are considered significant incentives encouraging proponents to deliver more housing supply, especially as the Housing Accord has a limited life.
- 3 In October 2014, Council adopted a Lead Policy to guide its assessments of potential SHAs and to provide general parameters around its approach. The Lead Policy was amended by Council at its meeting in April 2015.
- 4 Council invited Expressions of Interest for potential SHAs in late 2014. There was significant interest, with 16 EOIs received. Three have subsequently been withdrawn. Assessments of the EOIs have been progressed against the Lead Policy and the legislation. A further factor in the assessment of the EOIs has been consideration of RMA matters and planning context.
- 5 Under HASHA, the Council may recommend to the Minister of Housing that SHAs be established. In order to meet its obligations under the Housing Accord, especially around housing targets, Council will need to recommend a number of SHAs to the Minister. The report recommends that Council recommends at least four SHAs to the Minister for Building and Housing. Based on the EOIs, these four proposed SHAs would deliver a potential yield of 175 dwellings.

- 6 There are some positive grounds to consider the SHAs proposed around Arrowtown. These include meaningful contributions to housing supply, well thought out design responses, and community housing contributions. However the Arrowtown SHAs largely fall outside the Urban Growth Boundary (UGB) and this matter needs to be carefully assessed and weighed against the benefits associated with an increase in housing supply.

### Recommendation

That Council:

1. **Note** the Evaluation Panel's assessment of the proposed Special Housing Areas against Council's Lead Policy on Special Housing Areas, and the relevant provisions of the Housing Accords and Special Housing Areas (HASHA) Act and local planning context under the Resource Management Act, in considering any recommendation to the Minister of Building and Housing.
2. **Consider** the views and preferences of members of the public who have provided feedback on the EOIs.
3. **Recommend** the following proposed Special Housing Areas to the Minister of Building and Housing:
  - Shotover Country
  - Arthurs Point North
  - Onslow Road
  - Highview Terrace
4. **Consider** the advantages and disadvantages and the planning and infrastructure complexities of the proposed Special Housing Areas at Arrowtown as outlined in this paper before making a decision whether or not to recommend one or more to the Minister for Building and Housing in addition to the above four SHAs.
5. **Confirm** that any proposals it recommends to the Minister of Building and Housing are subject to:
  - i. The General Manager Planning & Development being satisfied as to capacity within existing infrastructure (three waters and roading), and where necessary, agreement being reached with the developer as to any upgrade requirements and agreement as to funding.
  - ii. Execution of a Private Developer Agreement that requires the developer to execute the project as per the proposal and which may include any other matters considered relevant to achieve the purpose of the HASHA Act and Council's Lead Policy.
  - iii. Confirmation from New Zealand Transport Authority that the proposal causes no adverse effect on the State Highway network, or that

agreement exists between NZTA and the developer as to how any adverse effect can be resolved.

- iv. Confirmation from the Otago Regional Council that the proposal is supported in principle, subject to any ORC approvals that have been identified as being required.
- v. Confirmation from the Ministry of Education that the proposal is supported in principle and is consistent with the Ministry's strategic objectives in the Wakatipu Basin.

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19/05/2015

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## Background

- 7 Sixteen proposals for SHAs (including Bridesdale Farm) were received in late 2014. A further EOI was received in February and is included in this report.
- 8 The Bridesdale Farm EOI was considered by Council at the 18 December 2014 meeting. Of the other 16 EOIs submitted, three have subsequently been withdrawn. The 13 EOIs considered in this report form Attachment A.
- 9 The 13 EOIs have been assessed against the Council's Lead Policy by an Evaluation Panel consisting of the District Plan Manager and an external planning advisor experienced in Special Housing Areas. The individual assessment reports and infrastructure reports form Attachment B, and the Evaluation Panel review is included as Attachment C.
- 10 The EOIs contained varying levels of detail, from a one-page letter to professionally prepared, detailed subdivision plans and house plans. Some were supported by technical expert reports. All but one are for land located within or next to urban areas.
- 11 The yields in the EOIs vary from 10 dwellings to around 300. Collectively, the potential yield realised from all EOIs amounts to more than 900 dwellings, however it is considered unlikely that some of the larger proposals (ie. for 300 sections / dwellings) would be able to realise the yields proposed within the Housing Accord time frames.
- 12 It is important to note that establishing SHAs is essentially the first of two legislative steps required in terms of realising development. Once SHAs are established, resource consent applications for "qualifying developments" must be made to the Council. Establishment of SHAs is enabling but does not

guarantee an increase in housing being released to the market. In particular, it is worth noting that when resource consent applications in qualifying developments are assessed, RMA and District Plan matters must also be considered.

## **Comment**

### *Options*

13 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.

14 Option 1: Recommend no SHAs

15 Advantages:

- Ensures District Plan integrity.
- Ensures any changes to development rights are via District Plan review process and subject to statutory consultation, hearing process and potentially Environment Court appeal.
- Avoids additional workload associated with SHAs for staff, although some time and resource is likely to be consumed through dealing with potential ramifications (see disadvantages).

16 Disadvantages:

- Targets in Housing Accord - as agreed to with the Minister of Building and Housing - will not be met.
- Council would not be fulfilling its responsibilities under the Housing Accord, and the Minister may have grounds to terminate the Accord. At that point, the Minister may appoint the Chief Executive of MBIE to unilaterally impose SHAs and assume a decision making role for applications. As a result, Council relinquishes all control and the ability to steer SHAs and strategic development in the Wakatipu.
- Acute housing supply and affordability issues are unlikely to be satisfied in the short term (next 3-5 years), and will need to rely on the District Plan review to be addressed. The Proposed District Plan may not be operative for a number of years.

17 Option 2: Recommend a number of proposed SHAs, but not all

18 Advantages:

- Allows those EOs that rate well against Council's Lead Policy to be prioritised ahead of those that do not.
- Provides a strong opportunity for Housing Accord targets to be met

- Relative to Option 1, will ensure Council retains control over SHA process and can seek to optimise outcomes for the community within legal parameters, as opposed to having no control.
- Will help meaningfully address the housing supply issues in the short term.

19 Disadvantages:

- May challenge District Plan integrity and established RMA processes (noting that this is inherent in the HASHA legislation)
- Provides only limited rights for community participation (noting again that this is inherent in the HASHA legislation)
- Creates additional workload for staff which would need to be appropriately resourced.
- Costs associated with legal advice.

20 Option 3: Recommend all (or at least the majority, less those providing insufficient information) of proposed SHAs

21 Advantages

- Provides optimal potential for achieving Housing Accord targets
- Relative to Option 1, will ensure Council retains control over SHA process and can seek to optimise outcomes for the community, as opposed to having no control.
- Will maximise the potential to address the housing supply issues in the short term
- Provides maximum contingency, in the event that some SHAs do not proceed, or realise less yield than anticipated.

22 Disadvantages

- May challenge District Plan integrity (inherent in the HASHA legislation)
- May place excessive burden on social infrastructure (schools in particular) and especially in Arrowtown
- Provides only limited rights for community participation (this is inherent to the HASHA legislation)
- Potential supply enabled through all proposed SHAs is in excess of what is required by the Housing Accord
- Creates significant workload implications for staff which would need to be appropriately resourced.

- 23 This report recommends **Option 2** for addressing the matter. It should be noted that a number of options within Option 2 are available and the nuances of these matters are discussed in the following section.

### ***The Assessment Process and results***

- 24 The Lead Policy adopted by Council in October 2014 and subsequently amended in April 2015, has formed the basis of the EOI assessments.
- 25 An assessment matrix (weighted) was developed so as to ensure each EOI was assessed on the same terms.
- 26 An Evaluation Panel comprising the District Plan Manager and an independent external planning advisor experienced in Special Housing Areas in Auckland and Wellington and also with MBIE on Housing Accords and their implementation. The assessments were undertaken independently of each other. The results are contained in Attachment C. For ease of reference the assessments are colour coded into bands, with green representing the highest scoring EOIs, orange the second tier, red the third tier, and blue representing EOIs that had potential to score reasonably well but were considered to require further information.
- 27 In terms of these four rungs of scoring results, the following table breaks down the results (note: the three EOIs that have been withdrawn are not included in these results):

| <b>Scoring Rung</b> | <b>Potential Yield</b> | <b>% of total yield</b> |
|---------------------|------------------------|-------------------------|
| Green               | 257                    | 28                      |
| Orange              | 150                    | 16                      |
| Red                 | 358                    | 39                      |
| Blue                | 145                    | 16                      |

- 28 It is important to note that the basis of this assessment is against the Lead Policy, the HASHA legislation, and practical considerations related to delivering on Housing Accord targets. Planning / RMA considerations are also relevant and important. These were not factored into the above analysis which was driven by HASHA and Lead Policy imperatives. They are however discussed in the following section, and build on this assessment.

### ***Planning / RMA Considerations***

- 29 The Housing Accords and Special Housing Areas Act 2013 (HASHA) provides no guidance by way of specified criteria on what matters local authorities should consider when deciding whether to make a recommendation or not to the Minister on potential SHAs. In particular, it does not indicate whether it is

appropriate to consider 'planning issues', such as landscape, District Plan provisions, and previous Environment Court decisions.

- 30 What is clear is that HASHA is concerned primarily with enabling more housing supply. To this effect, targets have been set in the Housing Accord that Council has agreed with the Minister of Building and Housing to meet.
- 31 Despite the silence of HASHA, Council's legal advice is that planning and RMA considerations are relevant matters for Council to consider when deciding whether to recommend a potential SHA to the Minister. However, while these RMA considerations are relevant, Council's decision making should remain focussed on how to best achieve the targets in the Housing Accord. Whilst the weight to be afforded to any consideration – including RMA / planning context – is at the Council's discretion, HASHA considerations are generally considered to carry more weight.
- 32 In theory, all or most proposed SHAS are likely to offend a District Plan provision - an EOI would not have been made for a permitted or a controlled activity. Therefore, a logical approach is to consider which District Plan provisions may have greater significance and which may therefore need to be given greater consideration.
- 33 The Lead Policy on Special Housing Areas specifies that SHAs in existing urban areas will be viewed more favourably from a 'location' perspective. However the Lead Policy also contemplates SHAs outside urban areas but where they immediately adjoin an urban area. The primary reason for this is to more readily enable extension of existing urban infrastructure and to provide for housing closer to services and amenities. It should be noted that sites further removed from urban areas, although clearly afforded less weight in the Lead Policy, are not precluded from consideration as SHAs.
- 34 The Lead Policy's preference for greenfield proposals to be located adjoining existing urban areas creates a specific issue for those EOIs adjacent to or adjoining the Urban Growth Boundary (UGB) in Arrowtown. Arrowtown is the only location in the District where an urban growth boundary is afforded statutory, District Plan status. Thus, EOIs for land located immediately adjoining the urban growth boundary in Arrowtown challenge the integrity of that boundary (despite scoring highly against the Lead Policy criteria).
- 35 The Arrowtown UGB is considered to be the most sensitive of the RMA / planning issues that need to be balanced against the HASHA considerations.

***Arrowtown Urban Growth Boundary and associated issues***

- 36 One of the Arrowtown EOIs is located within the Arrowtown UGB, and the other three proposals are outside the UGB. Two of the proposals outside the UGB – Bracken Ridge and Rafa Trust – are located immediately adjoining the UGB (the Rafa Trust proposal is separated by McDonnell Road). The third – Ayrburn Farm – is located approximately 2 kms from the UGB.

- 37 The Arrowtown UGB was established by Plan Change 29 (PC29). PC29 was initiated by the Council and defended at the Environment Court, which ruled in the Council's favour. PC29 sought to:
- Establish an urban boundary for Arrowtown in the District Plan; and
  - Introduce new policies that limit the growth of Arrowtown, and promote urban design outcomes for future growth.
- 38 The Environment Court's decision on the Plan Change forms Attachment E.
- 39 Urban development outside the Arrowtown UGB is not prohibited, but would require a discretionary activity resource consent which would be assessed against the District Plan and RMA. As noted earlier however, HASHA is primarily concerned with increasing housing supply, so a balanced consideration that weighs up these competing matters is required.
- 40 The Brackens Ridge proposal introduces an urban intensity development beyond the UGB. However mitigating factors are:
- The relatively small area of the proposed SHA compared to the residential area originally proposed in Plan Change 39 - Arrowtown South
  - The strong consideration given in the proposed SHA to an Arrowtown-responsive design incorporating strong design guidelines for building and landscaping. This defined approach contrasts with the relatively uncontrolled outcomes that can result from a rezoning where such a strong degree of design coherence is not necessarily guaranteed. It should be noted that the proposed design – with some room for flexibility – could be guaranteed through a private development agreement, if Council was of the mind to recommend the proposed SHA.
  - The proposed SHA is located in an area of PC39 that would enable some rural residential development, with potentially several large houses enabled here (the baseline is not fully rural).
  - The proposal is able to be adequately serviced to urban standards through 'town supply' infrastructure.
- 41 The Rafa Trust proposal also falls outside the UGB. Mitigating factors are:
- The proposal comprises a short stretch of housing just beyond the UGB – literally a row of housing one section deep on the opposite side of the road.
  - Given this, the immediate background of housing on McDonnell Road, together with proposed covenants to prevent further subdivision and development on the prominent intersection, the proposal will be relatively discrete and not impact to more than a minor extent on the



“entry” to Arrowtown. Further potential mitigation could be contemplated eg. plantings to the rear of the proposed sites.

- The proposal is able to be adequately serviced to urban standards through ‘town supply’ infrastructure.
- The proposal would see the felling of a number of tall pine trees that create some afternoon shading for some properties on the opposite side of McDonnell Road in winter, and would free up some views and outlook.

42 In addition to these mitigating factors it is considered that both proposed SHAs will contribute meaningfully to housing supply and affordability in the Arrowtown catchment. A Community Housing contribution has been offered by the Brackens Ridge landowner. These proposals scored highly in the assessments undertaken by the Evaluation Panel, noting this assessment excluded RMA considerations as it was focussed on the primary HASHA and Lead Policy considerations.

43 It is important to note too that conferring SHA status for these proposals only enables the *potential* for development. SHA status in itself, does not guarantee applications for qualifying developments will be approved, and RMA matters are a relevant consideration at the application stage.

44 The Ayrburn Farm EOI, by being located some 2kms from the urban boundary, does not fit well with the locational criteria in the Lead Policy (although as noted above this does not preclude consideration). This can be viewed both positively and negatively in an RMA planning sense:

- It might be argued that being located well away from the UGB better preserves the integrity of the UGB as an urban ‘fence’
- Conversely, a significant aspect of UGBs is not only to protect the ‘town edge’ but also to discourage urban development in the countryside. The proposal essentially represents an “urban island” in the countryside, and may adversely impact landscape values.

45 Ayrburn Farm’s location is more remote from services and facilities, and would be largely reliant on private vehicle transport. However, the masterplan submitted is considered to be of a high quality. In addition, the Ayrburn Farm proponent has proposed a significant Community Housing contribution, and together with the proposed allotments sizes and design proposal makes a meaningful contribution to housing supply and affordability issue in the District.

46 Whilst the Manse Road proposal is located within the UGB, the EOI constituted a one page submission. It did not provide sufficient information to convince the Evaluation Panel that the proposal would satisfy the requirements of the Lead Policy.

47 Housing demand is a strong (and legislative) consideration when weighing up the merits of the proposed Arrowtown SHAs. A report has been prepared by

Insight Economics which confirms strong housing demand for the Arrowtown catchment. Insight project demand for more than 400 houses in the next 10 years, and 120 - 140 houses in the next 3 years (Attachment D). A key question for the Council is whether the Arrowtown catchment should contribute to meeting this demand, or whether the responsibility for a housing supply response is effectively displaced to the remainder of the Wakatipu Basin.

- 48 With this in mind, it is important to review the likely yield delivered by other potential SHAs, relative to the targets set in the Housing Accord. If the targets can be delivered in alternative locations that do not have the same planning / RMA sensitivities, and these proposals score sufficiently strongly against the Lead Policy, then there may be a stronger case for not recommending some or all of the Arrowtown sites.

***Potential Yields from Proposed SHAs versus Housing Accord targets***

- 49 The targets set out in the Housing Accord are:
- Year 1: 350 sections / dwellings consented
- Year 2: 450 sections / dwellings consented
- Year 3: 500 sections / dwellings consented
- 50 The baseline that was used to set the targets is 275 sections / dwellings, which has been the average annual trend over the past two years. Therefore the Housing Accord target represents an additional 475 sections / dwellings over the status quo baseline, assuming the baseline was generally maintained over the three years of the Housing Accord.
- 51 As previously stated, the proposed Bridesdale SHA has been recommended to the Minister. This SHA has a yield of 150 dwellings. If Bridesdale is confirmed by the Minister and the resource consent application is subsequently approved by Council, that would leave a balance target of 325 sections / dwellings over the life of the Accord.
- 52 It is considered that yield over and above the target should be provisioned for. This is because SHA proponents may not ultimately develop their land. In addition, the potential exists for applications to be declined at resource consent stage, or for yields to be reduced through that process. Therefore, it is considered that SHAs enabling a further potential yield of approximately 488 sections / dwellings (round to say 500) are required (50% contingency). The table below summarises this:

| A<br>Yield Required from SHAs to meet Housing Accord targets | B<br>Assumed yield provided by Bridesdale SHA (if approved by Minister and then Council) | C<br>Additional yield required<br>(A - B) | D<br>Additional yield required as contingency<br>(C + 50%) | E<br>Total Yield required over Bridesdale<br>(C + D) |
|--|--|---|--|--|
| 475  | 150  | 325                                       | 163  | 488<br><br>(round to 500)                            |

- 53 The anticipated yield realised through the first and second rungs of the assessed proposed SHAs is 407 sections / dwellings. Whilst short of the desirable 500 sections / dwellings sought to provide contingency, there may be further opportunity to establish SHAs over the next two years.
- 54 Not recommending the proposed Arrowtown SHAs would mean that the potential yield would likely fall short of the targets.

### ***Educational Infrastructure***

- 55 Council has consulted with the Ministry of Education. The Ministry has advised that a constraint exists with regard to the capacity of Arrowtown Primary School. There is limited capacity currently available at the school and the ability to build more classrooms is constrained by both the size of the site and existing configuration of buildings.
- 56 Advice received from The Ministry of Education and the Ministry of Business, Innovation and Employment is that solutions are potentially available, however further consideration of this matter would be required. [Refer to advice as Attachment F]
- 57 In the event that Council were to consider recommending one or more of the proposed Arrowtown SHAs to the Minister, Council and the community would want the necessary assurances from central government that an appropriate and sustainable solution to primary education could be arrived at which met the current and future schooling needs of the Arrowtown community.

### ***Community Housing***

- 58 The Lead Policy was amended at the Council meeting in April 2015 to make more explicit reference to community housing expectations.

- 59 All proponents were made aware of the changes, and encouraged to revisit their EOI and formulate a response. At the time of report writing, two responses had been received from Brackens Ridge and Ayrburn Farm.

#### Ayrburn Farm

- The building of 15 three bedroom houses
- The 15 houses are leased to the Queenstown Lakes Community Housing Trust for \$1/annum/house for a maximum period of 25 years.
- The 15 houses are to be delivered progressively on a pro-rata basis of one completed house for every 10 lots for which title is registered at Ayrburn.
- The 15 houses can be located anywhere at the proponent's discretion within a (say) 10 km radius of Ayrburn. The 15 houses may not all necessarily be located in the same place.

#### Brackens Ridge

- 4 residential sections (or a comparable offer) to be provided to the Council or Community Housing Trust

- 61 The affordability component of the assessment matrix was modified following the amendment to the Lead Policy, and rescoring has occurred to reflect the responses received.

### ***Significance and Engagement***

- 60 This matter is of high significance, as determined by reference to the Council's Significance and Engagement Policy because:
- **Importance:** The matter is of significant importance to the District
  - **Community Interest:** The matter is of significant community interest
  - **Existing Policy and Strategy:** Although providing for the matter is consistent with Council's HOPE strategy, the Queenstown Housing Accord and the Council's Lead Policy on the Housing Accord, a number of proposed SHAs challenge the integrity of the District Plan.

### ***Risk***

- 61 This matter relates to the strategic risk SR1 'Current and future development needs of the community (including environmental protection)' as documented in the Council's risk register. The risk is classed as high. This is because of economic, social, environmental and reputational risks.
- 62 It should be noted that a key element of this risk is meeting the current and future development needs of the community. Whilst there is an element of environmental protection to this risk, the risk relates more to the economic and social consequences of not meeting development needs, which includes

housing provision. The matter therefore can be considered to mitigate the risk of not meeting these needs.

- 63 The recommended option considered above mitigates the risk by: Treating the risk - putting measures in place which directly impact the risk. This is achieved through negotiating private development agreements on any potential SHAs prior to submitting a recommendation to the Minister, and thoroughly assessing the potential environmental effects of proposals through the application process.

### **Financial Implications**

- 64 There are likely to be some capital expenditure requirements resulting from the decision. SHA Developers will be required to connect to Council infrastructure which is considered to have sufficient capacity (subject to some further investigations and upgrades funded by SHA developers).
- 65 Adoption of the recommended option will generate some operational expenditure requirements due to the need for ongoing legal advice, and potentially further staff and consultant resource.

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

- 66 The following Council policies, strategies and bylaws were considered:
- Council's Lead Policy on the Housing Accord and Special Housing Areas: guides Council's assessment of SHAs
  - Operative District Plan: relevant as it is the document that regulates housing development and urban growth management
  - Plan Changes 29 and 39: relevant to the proposed Arrowtown SHAs
  - HOPE Strategy: relevant as it seeks to address the housing affordability issue in the District
  - Economic Development Strategy: a key action is to "investigate all options for improving housing affordability in the District"
  - 2014/2015 Annual Plan: A number of Community Outcomes are relevant, as they relate to the economy, and the natural and built environment
- 67 The recommended option is generally consistent with the principles set out in the named policies. In particular SHAs help deliver on the HOPE Strategy and the Economic Development Strategy.
- 68 There is however inconsistency with the Operative District Plan. This is due to the fact that a number of the proposed SHAs challenge the integrity of the Arrowtown UGB, and all of the proposed SHAs are at least somewhat inconsistent with the District Plan to varying degrees. This is inherent in the HASHA legislation and has always been an anticipated conflict.
- 69 There is no intention at this point to amend the District Plan to accommodate any of the proposed sites being conferred SHA status. At some point in the future, if any of the proposed Arrowtown SHAs were recommended and established, and resource consent approval obtained, and the site developed,

then it would be logical to consider modifying the District Plan at some later date.

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

70 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;
- Can be implemented through current funding under the 10-Year Plan and Annual Plan;
- Is consistent with a number of the Council's plans and policies, but noting some inconsistency with the District Plan; 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.

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

71 The Council is responsible for giving appropriate consideration to the views of persons likely to be affected by, or to have an interest in, the decision. Neither HASHA nor the Council's Significance and Engagement Policy requires the use of the special consultative procedure for this decision. The persons who are affected by or interested in this matter are ratepayers / residents in the Wakatipu Basin.

72 The Council undertook an Expression of Interest process in late 2014. This gave anyone the opportunity to submit an Expression of Interest for a potential SHA, and there was reasonably strong interest in response to the request. At the same time, Council asked the community for their views on housing and what sort of approaches might be taken to address the issue. Whilst there were limited responses (4), there were two responses that specifically supported more housing supply in Arrowtown.

73 On 24 April 2015 Council called for community feedback on the proposed SHAs for Council's consideration in its decision making. At the time of report writing, the process was still occurring. Feedback will need to be considered by Councillors to inform the decision of Council, including whether to recommend SHAs in Arrowtown. There may be a further opportunity for limited notification of adjacent landowners when resource consents relating to qualifying developments are considered.

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

74 HASHA is the relevant statute. Its purpose is:

*The purpose of this Act 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.*

- 75 The recommended option will enable the achievement of this purpose. Council has entered into a Housing Accord with the Minister to achieve the purpose of the Act, and the tool to achieve this is SHAs. Without a sufficient number of SHAs being established, Council will not be able to fulfil its obligations under the Housing Accord.
- 76 As stated previously, HASHA provides limited guidance as to the assessment of potential SHAs, beyond housing demand and infrastructure concerns. HASHA is silent on RMA / planning considerations, however our legal advice is that these are relevant considerations. The weight to be given to these matters is at the Council's discretion, having regard to the overall purpose of HASHA. These matters have been considered extensively in this report, particularly with regard to the proposed Arrowtown SHAs.
- 77 HASHA does not set any statutory responsibilities in terms of consultation on the establishment of SHAs. However it is important to note that should SHAs be established, then 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 process.
- 78 Section 14 of the Local Government Act is relevant to Council's decision making on this matter. In particular, subsections (c) and (h):
- (c) when making a decision, a local authority should take account of—
    - (i) the diversity of the community, and the community's interests, within its district or region; and
    - (ii) the interests of future as well as current communities; and
    - (iii) the likely impact of any decision on the interests referred to in subparagraphs (i) and (ii):
  - (h) in taking a sustainable development approach, a local authority should take into account—
    - (i) the social, economic, and cultural interests of people and communities; and
    - (ii) the need to maintain and enhance the quality of the environment; and
    - (iii) the reasonably foreseeable needs of future generations
- 78 These statutory provisions take a strong intergenerational approach to decision making, and also place significant emphasis on social, economic and community factors, as well as environmental ones. In this light, SHAs can be viewed as a favourable initiative given the well documented housing affordability issues in the District and the adverse social and economic issues that result. In addition, SHAs offer a means to address a diversity of social needs in the community, as there is potential to not only attain more housing provision that is "affordable" relative to the current market offering, but also to attain community housing outcomes. There are limits on the ability of other processes and policies to achieve the sort of community housing outcomes potentially available through SHAs. This takes into account the diversity of

needs in the community by addressing a pressing need for lower income households.

- 79 However, these factors need to be weighed up with environmental considerations under these provisions, as noted in this report.

**Attachments** (Presented separately)

- A Special Housing Area Expressions of Interest
- B Assessment and Infrastructure Reports
- C Evaluation Panel's Assessment
- D Arrowtown Housing Demand Study
- E Environment Court decision on Plan Change 29
- F Advice from Ministry of Education