

**QLDC Council
30 June 2015****Report for Agenda Item: 13****Department: Planning & Development****District Plan Review: Residential Chapters****Purpose**

The purpose of this report is to present the proposed District Plan residential chapters and accompanying section 32 evaluation reports for Council's acceptance as follows:

- a. Urban Development Framework
- b. High Density Residential Zone
- c. Medium Density Residential Zone
- d. Low Density Residential Zone
- e. Large Lot Residential Zone
- f. Arrowtown Historic Management Zone

Recommendation

That Council:

1. Note the contents of this report and in particular;
 - i. The Resource Management issues associated with the current provisions.
 - ii. The RMA Section 32 Evaluations.
 - iii. The proposed provisions.
2. Accept the provisions.
3. Note that the entire package will be brought back for Council's final approval along with other provisions forming stage 1 of the District Plan Review, prior to public notification.
4. Authorise officers to make further minor changes to the Section 32 evaluation reports, guidelines and provisions without further recourse to the Council, where this is necessary to:

- i. Ensure consistent numbering and formatting of the proposed District Plan text; and
- ii. To fix identified minor errors and / or omissions.
- iii. Ensure continuity with other proposed provisions.

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15/06/2015

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15/06/2015

Background

- 1 Residential zoning comprises by far the largest area of urban land in the District, and is where the majority of the community lives. Residential zoning and its associated policy is of strategic significance to the District, and directly impacts on social, economic, cultural and environmental wellbeing. Residential zoning and regulation has a major influence on urban form, and the residential provisions impact on the day to day lives of residents more than any other chapter in the District Plan.
- 2 Environmental monitoring and a critical review of the Operative District Plan provisions have been undertaken, against the backdrop of population and economic projections for the District. A fundamental gulf is considered to exist between what the residential provisions of the Operative District Plan provide for, and what the present and future needs of the District actually are.
- 3 Housing issues in the District have been very well documented. Housing affordability is a major issue for the District, and rental housing supply has emerged as a significant issue -possibly a bigger issue than owner occupier housing.
- 4 A significant amount of recent and ongoing research – both international and domestic - has occurred with regard to the impact of planning regulation on housing supply and affordability. Whilst planning regulation is only one factor influencing housing supply and affordability, research consistently demonstrates that it exerts a significant influence.
- 5 Another major issue is the capacity of the District, and in particular Queenstown, to respond to projected growth in tourism and associated growth in demand for visitor accommodation. Both land availability and District Plan regulation

(particularly in the High Density residential zone), are significant barriers to enabling visitor accommodation including multi-storey hotels.

- 6 Significant changes to existing District Plan regulation is considered necessary in order to respond to these issues. However, this needs to be balanced with amenity considerations, and greater density and scale should not be at the expense of good urban design outcomes.
- 7 Introduction of urban growth boundaries for Arrowtown, Queenstown and Wanaka is proposed as a means of managing future growth pressures in a logical and coordinated manner, and avoiding the adverse effects of urban sprawl. Introduction of these boundaries will place spatial limitations on urban housing supply. This will lead to more efficient use of infrastructure, support for public transport, and protection of rural land and landscapes.
- 8 This approach builds on many years of community consultation on growth, and a lineage containing several key strategies and plans that have resulted from this consultation and which promote containment of urban areas. These strategies include:
 - Growth Management Strategy 2007
 - Wanaka Structure Plan (reviewed 2007)
 - Urban Design Strategy 2009
 - Plan Change 30: Urban Growth Boundary 2012
 - Plan Change 29: Arrowtown Growth Boundary (2009-2015)
 - Proposed Otago Regional Policy Statement 2015 (and community consultation occurred on this in 2014)
- 9 The introduction of a new Medium Density zone is proposed, to enable low rise (two storey) residential development comprising terrace housing, duplex (semi-detached) and townhouse housing types. The Medium Density zone is typically situated in locations close to town centres, local shopping centres or public transport hubs.
- 10 Increased densities will be enabled where proposed developments can demonstrate achievement of higher environmental and energy performance. The proposed provisions require good design, and controls are designed to provide reasonable protection of sunlight access and privacy for neighbours. These provisions will help to ensure that medium density developments are well designed, warm and dry, durable, and have no more than minor impacts on residential amenity.
- 11 A key proposed aspect of the Medium Density zone is the introduction of a date at which the 'density bonus' provisions of the zone expire. This 'sunset clause' requires resource consents utilising the density bonus to be secured within a defined period. Failure to do so would trigger expiry of these more intensive

- bonus provisions and reversion to the less enabling permitted density of the zone.
- 12 Specific provisions are applied to the Medium Density Zone in Frankton to take account of aircraft noise. These include acoustic insulation requirements, and 'no complaints' provisions applying to increases in development intensity.
 - 13 The High Density Zone of the Operative District Plan has three subzones. Subzones A and B will be consolidated into one High Density zone, and Subzone C will be subsumed into the Medium Density Zone. Only minor changes are proposed to the High Density Zone in Wanaka. More significant changes are proposed to the High Density Zone in Queenstown.
 - 14 In particular, development controls that apply to land categorised as 'flat' in the District Plan are proposed to be liberalised, with the potential to develop to three storeys, or four storeys, where higher environmental performance is demonstrated. Liberalised shading controls will be introduced so that larger buildings are encouraged on larger development sites, and impacts are internalised as far as practicable. In addition, the proposed provisions introduce a 'Floor Area Ratio' rule, which means any proposal for taller buildings must be compensated by a lower building coverage.
 - 15 The operative High Density zone provisions in the Gorge Road location are not being addressed in Stage 1 of the Review. This area is recognised as having the potential for intensification, but due to the presence of alluvial fan hazards further technical investigative work is required to progress an appropriate policy response. It is envisaged that this area will be notified in Stage 2 of the District Plan review.
 - 16 The major substantive policy change for the Low Density zone is the introduction of provisions that enable greater infill density but which are subject to strong controls such as single storey height to limit impacts. This is known in the international literature as 'gentle density' and enables intensification of individual sites and makes use of existing infrastructure.
 - 17 At present, sites of at least 900m² are required in order to contemplate the construction of a second dwelling. Under the proposed provisions, land owners will be able to consider building a second dwelling on sites between 600 and 900 square metres in area, subject to a number of standards including limiting building height. In addition, and subject to meeting performance standards, more detached residential flats are provided for.
 - 18 A new 'Large Lot Residential' zone is proposed which is an intermediary zoning between Low Density Residential and Rural Residential. The zone recognises established areas developed under the Operative District Plan Rural Residential Zone provisions that are now located within the Proposed Wanaka Urban Growth Boundary.
 - 19 The Historic Management Zone in Arrowtown is retained, with some policy modifications.

20 There is no single panacea to housing supply and affordability in the District, but the measures proposed as part of the District Plan Review are part of a wider suite of initiatives to stimulate a market lead response to supply which also includes:

- Considering alternative approaches to charging reserve contributions
- Considering different rating approaches to vacant or undercapitalised land
- Special Housing Areas

Comment

Options

21 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:

22 Option 1: retention of Operative District Plan provisions

23 Advantages:

- Familiarity of District Plan users remains
- Very strong protection of amenity values remains
- May minimise litigation, although this cannot be guaranteed (as a number of landowners may seek liberalisation of provisions)

24 Disadvantages:

- The Operative District plan provisions are deficient in addressing the issue of housing supply and affordability and have been for many years
- The inaccessible and incoherent structure of the provisions will remain
- The future social and economic well-being of the District will be significantly hindered
- The future environmental wellbeing of the District may be hindered (potential for more ad hoc, green field privately initiated plan changes)

25 Option 2: retention of large proportion of Operative District Plan provisions, with minor amendments made to some development controls, remediation of ambiguous rules and changes to structure of provisions

26 Advantages:

- A degree of familiarity of District Plan users remains
- Amenity values generally retain strong protection

- Structural changes to provisions aids accessibility and interpretation

27 Disadvantages:

- The regulatory changes would have limited impact in terms of providing for the future needs of the District, and could be seen as being somewhat superficial
- The changes would fall well short of providing for the social, economic and environmental needs of the District

28 Option 3: Significantly amend both the regulation of residential zoning and the structure of the provisions

29 Advantages:

- Undertakes the policy reform necessary to provide for the social, economic and cultural wellbeing of the District
- Whilst providing for the needs of the District, strikes a balance with recognising and providing for a reasonable level of protection of amenity values
- Results in more concise, coherent and accessible provisions

30 Disadvantages:

- The familiarity of existing users of the residential provisions is lost, however this should be mitigated by the conciseness and improved coherence of the proposed provisions.
- Provides less protection of amenity values than options 1 and 2, but noting that amenity value considerations should be balanced with other considerations (the very strong protection of amenity values under the status quo is considered to be at significant cost).

31 Option 3 is the preferred option.

Significance and Engagement

32 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

Risk

33 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, as documented in the Council's risk register.

- 34 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 and visitor accommodation. The matter therefore can be considered to mitigate the risk of not meeting these needs. In addition, environmental matters are addressed as the proposed policy approach will help to minimise the potential for urban sprawl and its associated potential landscape and infrastructure impacts.
- 35 The recommended option considered above mitigates the risk by: Treating the risk - putting measures in place which directly impact the risk.

Financial Implications

- 36 There are likely to be some capital expenditure requirements resulting from the decision, as infrastructure upgrades will be required over time to facilitate urban intensification. The implications have been addressed at a high level, and the impacts will vary across different locations. It is considered that a significant proportion of the costs of upgrading over time will be funded through development contributions accrued as development proceeds.

Council Policies, Strategies and Bylaws

- 37 The following Council policies, strategies and bylaws were considered:
- HOPE Strategy: relevant as it seeks to address the housing affordability issue in the District, including through District Plan mechanisms
 - 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
 - Growth Management Strategy 2007: Prioritises urban intensification as the means to respond to growth
 - Urban Design Strategy 2009: Focuses strongly on urban intensification as the preferred response to growth, subject to high quality urban design
 - Queenstown Housing Accord: Underlines the housing supply and affordability issue in the District
- 38 The recommended option is consistent with the principles set out in the named policy/policies.

Local Government Act 2002 Purpose Provisions

39 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 the Council's plans and policies; 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

40 The persons who are affected by or interested in this matter are ratepayers and residents of the district, as well as business owners who may not be resident in the district (relevant as housing issues can impact on employment).

41 The Council has engaged and consulted with the community on District Plan approaches to housing as follows:

- In November 2014, Council sought community views on housing approaches at the same time as requesting Expressions of Interest for Special Housing Areas. There was limited feedback.
- In February and March 2015, Council consulted with the community on preliminary drafts on residential provisions. Feedback was sought, and drop in sessions were held. Feedback comprised a mix of support and opposition.

42 Changes that were made in response to this consultation include:

- Height limit reduced to 7m in Wanaka / Arrowtown Medium Density Zone
- Extent of Medium Density zoning in Arrowtown reduced
- Extent of Medium Density zoning reduced in Queenstown
- Reference to Arrowtown Design Guidelines introduced
- Site coverage control for Medium Density zone reduced from 55% to 45%
- Height in relation to boundary control on southern boundaries of sites in Medium Density zone tightened from 2.5m and 45 degrees to 2.5m and 35 degrees to provide better sun light protection (without excessively impacting on development feasibility as the Operative District Plan provisions do) .

43 In addition, it is relevant to note that in May 2015 Council sought feedback on Special Housing Area (SHAs) Expressions of Interest. There was both support and opposition for the proposals. It is worth noting that via feedback received, infill housing appeared to be preferable to greenfield SHA sites, although some of the support for greenfield SHAs felt that these sites were a better option than infill. There is no right answer, but some combination of the various approaches is considered to be necessary, even essential to meet the pressing demand for housing.

Legal Considerations and Statutory Responsibilities

44 Formal consultation will be undertaken in accordance with the statutory requirements set out in the RMA upon notification of Stage 1 of the Proposed District Plan. There will be an initial 40 working day submission period and then a 10 working day submission period for further submissions

Attachments

- A Proposed Low Density Residential Chapter
- B Section 32 Evaluation Report: Low Density Residential Chapter
- C Proposed Medium Density Residential Chapter
- D Section 32 Evaluation Report: Medium Density Residential Chapter
- E Proposed High Density Residential Chapter
- F Section 32 Evaluation Report: High Density Residential Chapter
- G Proposed Arrowtown Residential Historic Management Chapter
- H Section 32 Evaluation Report: Arrowtown Residential Historic Management Chapter
- I Proposed Large Lot Residential Chapter
- J Section 32 Evaluation Report: Large Lot Residential Chapter
- K Proposed Urban Development Chapter
- L Section 32 Evaluation Report :Urban Development Chapter