

**QLDC Council
1 March 2016****Report for Agenda Item: 3****Department: Planning & Development****Special Housing Areas Expression of Interest: Ayrburn Retirement Village****Purpose**

- 1 The purpose of this report is to present the Ayrburn Retirement Village Expression of Interest (**EOI**) for consideration for recommendation to the Minister for Building and Housing (**Minister**) as a Special Housing Area (**SHA**).
- 2 This is a further EOI by Ayrburn Farm Developments Limited (**developer**) relating to the same land as the Ayrburn Farm Expression Of Interest (**Ayrburn Farm Proposal**), which was considered by Council at the 3 June 2015 meeting. The EOI is similar to the Ayrburn Farm Proposal in terms of its location, indicative density and yield. However, this EOI is for the development of a retirement village.

Recommendation

That Council:

- a) **Note** the assessment outlined in this report;
- b) **Determine** not to recommend the proposed SHA to the Minister of Building and Housing.

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23/02/2016

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Background

- 3 The EOI was submitted to Council on 25 November 2015. The proposal comprises land located at 341-343 Arrowtown-Lake Hayes Road, near Arrowtown.
- 4 The site is approximately 45.75 hectares in area, and is zoned Rural General under the Operative District Plan (**ODP**) and Rural under the Proposed District

Plan (**PDP**). The site contains the Ayrburn Homestead and Farm Buildings, which are listed as QLDC Category 2 buildings in both the ODP and PDP. The site also contains a protected tree (#196) and a group of protected trees (#275) of the ODP, and protected tree (#196) of the PDP.

- 5 The northern boundary of the site is located approximately 2km from the southern edge of the Arrowtown Urban Growth Boundary (**UGB**). The site adjoins the Golf Course and Open Space Activity Area of the Resort - Millbrook and adjoins the Open Space & Recreation and Passive Recreation of the Resort - Waterfall Park Special Zones. To the south of the site is Rural Residential zoned land under the ODP and PDP.
- 6 The EOI involves the construction of up to 201 new dwellings plus associated care facilities and community amenities on 191 new lots with sizes varying from approximately 140m² to 600m² (but typically 200m² to 400m²). Ten two-bedroom houses will be built on the site and provided rent free to employees of the retirement village. Any houses surplus to the needs of employees will be available to the Queenstown Lakes Community Housing Trust (**QLCHT**) for free community housing.
- 7 Access will be via a new driveway off Arrowtown-Lake Hayes Road, which is located approximately 250m south of the existing entry and approximately 200m from the intersection with Speargrass Flat/Hogan's Gully Road.
- 8 The EOI comprises concept plans and images, with supporting assessment from a professionally qualified planner, landscape architect and engineers. The EOI forms **Attachment A**. The appendices to the EOI are not included in the published version of this agenda but are available on the Council's website: <http://www.qldc.govt.nz/your-council/your-views/ayrburn-retirement-village-special-housing-area/>
- 9 Since the submission of the EOI the developer has submitted further information that forms **Attachment B**. Should the Proposal go ahead the following have been proposed:
 - Screening arrangements of the southern adjoining land owners. The proposed neighbouring screening plan appears to use the original Ayrburn Farm proposal layout. However, the plan gives a good indication of the land that is proposed to be gifted to neighbours to provide for amenity and additional screening, as desired. The proposed gifted land ranges in size from 1,980m² to 7,890m²; and
 - To provide freehold interest of the front paddocks (approximately 10 hectares) to the Wakatipu Pony Club for the consideration of \$1 upon approval of the Proposal. The developer is willing to include this as part of any Draft Deed.
- 10 The developer has also provided additional information regarding the forecasted population growth over the next 35 years. KPMG have estimated that a total of 402 people in the Wakatipu Basin will require access to a retirement facility by 2023 (**Attachment B**).

- 11 In addition, to the above the developer has also submitted a Draft Deed for consideration.
- 12 The Council considered recommendation of a proposed SHA at this site in its meeting of 3 June 2015. The Ayrburn Farm Proposal was for a predominantly residential 150 lot subdivision with lot sizes generally between 350m² and 500m². The proposal included house and land packages for circa \$450,000. It also proposed to re-use heritage buildings and include ancillary commercial activities (such as a café and garden centre), trails and walkways, large areas of open space and reserves.
- 13 The EOI increases the proposed density by one third to that of the development promoted in the Ayrburn Farm Proposal with more development proposed near the western side of the property. However, in general the proposal (including the proposed commercial activities) remains similar to the EOI considered at the 3 June 2015 meeting, except that the development would now be run as a retirement village, includes approximately 201 units (51 more residential units) plus associated care and community amenities, and includes the provision of 10 units to be used for staff accommodation purposes.
- 14 The EOI notes that the consultant reports relate to a 150 lot residential scheme as contemplated by the Ayrburn Farm Proposal. The developer considers that the infrastructure and servicing loads for the Proposal are expected to be below the levels required in the Ayrburn Farm Proposal and therefore these reports are still considered to be of relevance. Population of retirement villages per dwelling is less than general residential development. For that reason, the existing reports are considered sufficient for the purpose of considering whether to recommend the proposal to the Minister as a SHA.
- 15 At this stage in the process, the Council's decision making role is focused on whether it recommends the site to be considered by the Minister as a SHA under HASHA.

Comment

- 16 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 (**LGA 2002**):

Options

Option 1: Recommend the proposed Special Housing Area to the Minister

- 17 Advantages:

- Helps contribute to achieving the purpose of the HASHA, advancing the principles and priority actions in the Housing Accord, and in particular helps the Council achieve the housing targets in the Housing Accord by enabling new housing aimed at the elderly to be constructed, which may also enable existing housing supply in Arrowtown and the Queenstown area in general to be freed up.

- Generates a number of social and economic benefits (both short term and long term) such as the creation of jobs during the construction phase, during the operation of the retirement village and long term benefits relating to the provision of houses for the elderly. In addition, the Proposal will include the provision of grounds for the Wakatipu Pony Club.
- Provides the platform for a different housing option in the Wakatipu Basin, namely accommodation for the elderly and the supply of workers accommodation.
- Contributes to community housing in the Wakatipu Basin via an agreement with the QLCHT.

18 Disadvantages:

- The proposal would set a precedent for isolated urban development on a site that is not unique or distinguishable from many other sites in the Wakatipu Basin.
- The proposal is considered to be inconsistent with the ODP and PDP, due to its location outside the UGB, which is zoned Rural General and Rural where the scale and density of development is not anticipated.

Option 2: Not recommend the proposed Special Housing Area to the Minister

19 Advantages:

- Would help preserve District Plan integrity by avoiding development that is inconsistent with the ODP and PDP.
- Would avoid an island of urban development in the middle of the Wakatipu Basin some distance from the support services necessary for a retirement village.
- Would avoid creating a precedent for isolated urban development on a site that is not unique or distinguishable from many other sites.

20 Disadvantages:

- Would forgo the opportunity of providing a housing option (accommodation for the elderly) in the Wakatipu Basin and adversely impact on the Council's ability to meet its commitments under the Housing Accord.
- Would forgo the short and long term social, and economic benefits offered by the proposal (outlined above).

21 This report recommends **Option 2** for addressing the matter.

Housing Accord targets and potential yield

22 The Housing Accord sets the following targets:

Year 1: 350 sections / dwellings consented

Year 2: 450 sections / dwellings consented

Year 3: 500 sections / dwellings consented

23 The Year 1 target has been met. However, this is not through development following the establishment of SHAs. The next two years' targets are higher; so additional consents from SHAs may be required over and above usual building and resource consents.

24 In terms of the approved SHAs or the SHAs that have been agreed in principle by the Council the numbers are as follows:

- Bridesdale – 136 residential allotments (interim decision released 15 January 2016);
- Shotover Country – 95 residential units (Deed in final stages of negotiation);
- Arthurs Point – 80 residential units (Deed in final stages of negotiation); and
- Onslow Road – 20 residential units (Deed in final stages of negotiation).

25 These proposals would deliver a yield of approximately 331, thus contributing significantly to the Council's obligations under the Housing Accord, especially directly relating to the specified housing targets.

26 It is also noted that the EOI for the Arrowtown Retirement Village was agreed in principle at the 26 November Council meeting. This is proposed to deliver:

- 90-120 villa units;
- 40-55 apartment units; and
- A 100 bed aged care facility offering rest home, hospital and dementia level care.

27 The Council has also proposed a SHA in the Business Mixed Use Zone on Gorge Road that may lead to further applications for consent for qualifying developments in that zone.

28 The potential yield from the proposed SHA being considered in this report would contribute up to 201 residential units on 191 lots. The Proposal would contribute significantly to the Housing Accord targets.

Housing Provision and Affordability

29 The EOI would help to address housing supply issues by providing for new housing supply for the elderly, which may help to free up existing housing in Arrowtown and elsewhere in the Wakatipu Basin that might otherwise have been retained for a longer period of time by some ageing residents.

30 The developer has indicated that at least 70% of the lots within the EOI will be less than 400m². There would be nine dwelling types, which would provide purchasers with an appropriate range of options. This includes two-bedroom,

three-bedroom, two-bedroom / two-living room and four bedroom dwellings. The flexibility proposed will ensure that at least 20% of dwellings could comprise of two bedroom dwellings.

- 31 The EOI seeks to address affordability by providing smaller dwellings and lot sizes that will be sold at a price point that is generally affordable, in a relative sense, in terms of the market in Arrowtown and the Wakatipu Basin.
- 32 Ten new two bedroom houses will be built on-site and leased rent free to employees of the retirement village. Any houses surplus to the needs of employees will be available to the QLCHT for free community housing.
- 33 Clarification was sought from the developer to whether or not discussions have taken place with the QLCHT or if any other form of community housing is proposed as part of the development. An update from the developer was not received at the time of writing this report. However, an agreement or appropriate contribution could be negotiated through the draft Deed between the developer and the Council.

Infrastructure

- 34 Servicing reports have been prepared for the developer by Rationale Limited, Fluent Solutions, Holmes Consulting Group and Tonkin and Taylor. These reports form part of the EOI. They confirm the development can be serviced; however, some decisions around servicing and funding of that servicing would need to be addressed in the Deed between Council and the developer. As with all developments in SHAs, there will be an ongoing cost to Council in maintaining any vested services or reticulation constructed to service the development. The cost in respect of this SHA if recommended may be proportionately greater because of the separation from existing urban areas.
- 35 The data provided by the developer indicates that new retirement villages at the time of establishment have an average 1.3 residents per unit dropping to 1.1 over time. This occupancy rate is significantly lower than the three occupants per unit that are assumed by the Council for residential subdivisions. The proposal is for predominantly 3 bedroom dwellings or 2 bedroom 2 living room dwellings and these do not comfortably align with the proposed occupancy levels of the development. However, it can be assumed that the infrastructure and servicing loads for the EOI are expected to be less than the levels required under the Ayrburn Farm Proposal. However, noting the number of dwellings is increasing by one third (51 residential units).
- 36 MWH Limited have undertaken a Three Waters Review of the information submitted as part of the EOI. This report is contained in **Attachment C**.
- 37 Tonkin + Taylor have indicated that the firefighting water supply flow at the required levels may not be feasible with the design assumptions stated in the EOI. A detailed water supply model of the proposed scheme is required.
- 38 MWH agrees with the findings of Rationale in respect to wastewater that it is practical to drain wastewater from the proposed development into the Lake

Hayes Wastewater Scheme. MWH have noted the following modifications are required:

- Upgrade of the pumps in the Lake Hayes Pump Station #1 located at the Lake Hayes Recreation Reserve at the north end of the lake;
- Install additional emergency storage at the Lake Hayes Pump Station #1 or provide emergency power by means of a generator or supplemental power feed from the Lake Hayes bore site;
- Upgrade of the gravity main along the Lake Hayes walking track between the entrance to the Lake Hayes Recreation Reserve at the north end of the lake and the Lake Hayes Pump Station #2 located at the Bendemeer Bay Reserve. An upgrade of a 500 – 1,330 m section of 225 mm gravity main would be required to avoid overflows. Alternatively, we consider a more practical option is extending the rising main from the Lake Hayes Pump Station #1 directly along the Arrowtown Lake Hayes Road to the pump station at Bendemeer Reserve.

39 In terms of stormwater, the analysis did not identify that the proposal was impractical. However, the information was not precise or complete. MWH have noted that a more detailed survey, river level data and detailed long sections will be required to confirm the practicality of the stormwater system. In particular, MWH noted that the southernmost area of the proposal on the true left of Mill Creek may have marginal freeboard between the invert of the stormwater detention structure and possible flood levels in Mill Creek. Further assessment is required.

40 A traffic assessment provided by the developer confirms the proposed intersection location provides adequate separation from other intersections and adequate sight distances can be provided to allow safe and efficient operation of the new intersection. It also confirms that there is sufficient capacity to cater for the additional traffic created by the EOI. The submitted traffic assessment has been prepared on the basis of 150 new dwellings, while the proposal includes up to 201 new dwellings plus care facilities and community amenities. Logically there are generally fewer car movements into a retirement village than a residential subdivision.

41 NZTA has advised (**Attachment D**) that it is satisfied that the proposal is unlikely to have any immediate adverse effects on the safety, efficiency and functionality of the State Highway 6 / Arrowtown Lake Hayes Road intersection, especially in the short to medium term. NZTA is satisfied that the intersection is likely to be able to accommodate the traffic likely to be generated by the SHA proposal under current conditions.

42 A letter from Geosolve provided by the developer confirms that in terms of liquefaction risk, the topographically lowest area of the site, on either side of the creek is designated as 'possibly moderate' on the Council's hazard mapping. The Council's hazards maps also indicates western areas of the site may be affected by alluvial fan activity described as 'regional scale, debris dominated and active'. Geotechnical investigations are recommended to confirm the actual risk and extent of the affected areas. This hazard layer applies to many sites

throughout the Wakatipu Basin however, and may be able to be addressed at the resource consent stage.

- 43 In terms of flooding risk, Fluent Solutions have prepared an assessment on flood hazard mitigation and have concluded that the potential flood effects on the proposed development can be mitigated within the proposed Mill Stream conveyance corridor. MWH have investigated historic flood levels within Mill Creek and have concluded that no specific flooding risk to the development has been identified. However, MWH have specified that a more detailed hydrological assessment of Mill Creek is warranted to establish the flood levels for various Annual Recurrence Interval storm events in order to specifically confirm the level of risk to low lying parts of the proposed SHA.
- 44 In terms of social infrastructure, impacts on a near capacity Arrowtown Primary School roll were an area of concern for earlier proposed SHAs in the Arrowtown vicinity. The EOI will have no direct impact on the school roll at Arrowtown Primary School. However, there may be some indirect impact if existing houses in Arrowtown are freed up, and families with school age children move into the houses to replace elderly residents. There is some limited latent capacity available at the school.
- 45 It is likely that with further investigation and assessment the majority of the infrastructure issues raised could be addressed within a Draft Deed securing the developer's commitment to covering these costs.

Agency Response – Otago Regional Council

- 46 Correspondence from ORC is included in **Attachment E**.
- 47 ORC has noted that there is an active debris dominated alluvial fan through the centre of the proposed development area, which increases risk due to the proposed residential development of the site. ORC has also noted that stormwater proposed to be discharged to Mill Stream would not be allowed to decrease the quality or rate of discharge.
- 48 ORC seeks that a strategic approach is considered to address the transport issues (particularly public transport) as well as connection to other necessary infrastructure. ORC has advised that the proposed development is isolated from other residential areas and this can be problematic for providing public transport. Isolated developments result in a lot of "dead" running where there are no passengers to pick up as the routes need to deviate to pick people up.
- 49 ORC has advised that it would need to reassess the Proposal again should a formal application be lodged with the Council. It is noted that resource consent would be required from the ORC due the proposed discharge of stormwater to Mill Creek.
- 50 With the exception of the public transport concerns raised, it would appear that the majority of the issues raised by the ORC could be addressed through the submission of additional information. The public transport concern highlights the adverse effects associated with 'island' urban developments in the countryside and the impact that this may have on local infrastructure.

Location

51 Clause 9 of the Queenstown Lakes District Housing Accord states:

The Accord recognises that by working collaboratively the government and the Council can achieve better housing outcomes for the district. In particular, the Accord will facilitate development aligned with the Council's intended plan for residential development to be more affordable, medium density and closer to key centres and on good public transport routes.

52 The Lead Policy at clause 5.2 notes:

"It should be noted that criterion 5.2.1 Location is not a statutory consideration under the Act. However, in the interests of sound resource management planning practice, environmental and economic impact, and consistency with the draft Strategic Directions chapter of the District Plan review – location is considered to be a vitally important consideration for Council."

53 The Lead Policy specifies that SHAs in existing urban areas will be viewed more favourably from a 'location' perspective. The Lead Policy also contemplates SHAs outside urban areas but only where they immediately adjoin an urban area (refer criterion 5.2.1). The primary reason for this is to more readily enable the extension of existing urban infrastructure and to provide for housing closer to services and amenities. Sites further removed from urban areas, although clearly less desirable according to the Lead Policy, are not precluded from consideration as SHAs. All SHA proposals recommended by the Council to date have been adjacent to or contiguous with existing urban areas, with the exception of the Arrowtown Retirement Village proposal that the Council supported in principle at its 26 November 2015 meeting. That proposal site is situated approximately 750m from the southern edge of the Arrowtown UGB. The Ayrburn Proposal is situated approximately 2km from the southern edge of the UGB.

54 The Lead Policy is consistent with the strategic direction set out in the PDP. In particular, Goal 3.2.2 of the PDP specifies:

Ensure urban development occurs in a logical manner:

- *to promote a compact, well designed and integrated urban form;*
- *to manage the cost of Council infrastructure; and*
- *to protect the District's rural landscapes from sporadic and sprawling development.*

55 Supporting Policy 3.2.2.1.7 states:

That further urban development of the District's small rural settlements be located within and immediately adjoining those settlements.

56 The EOI does not immediately adjoin an existing urban area. It is therefore inconsistent with the objectives contained in the Lead Policy and PDP of establishing further urban development within existing urban areas, or adjacent to urban areas. It is noted that the PDP is still at a reasonably early stage of development, and that the developer has submitted on the PDP seeking amendments enabling more intense residential development in this area.

- 57 The land to the north of the EOI site is zoned Resort - Millbrook and Resort - Waterfall Park. The Millbrook Zone allows for approximately 450 new homes, while the Waterfall Park Zone allows for a maximum number of 100 dwellings. The land immediately adjacent to the EOI site that is located in the Millbrook Zone falls in the Golf Course and Open Space Activity Area, which restricts the use of the land to outdoor recreation activities and open space.
- 58 Only one residential unit exists in the Waterfall Park Zone. The land immediately adjacent to the EOI site that is located in the Waterfall Park Zone falls in the Open Space & Recreation and Passive Recreation Activity Area, which restricts the use of the land to outdoor recreation activities and open space.
- 59 The EOI states that Millbrook and Waterfall Park REsort Zones provide for urban development in a manner similar to Jacks Point Zone, which is contained within an UGB. The level of residential density approved in the Jacks Point Zone is significantly higher than in both of these special zones (approximately 550 dwellings for Millbrook and Waterfall Park combined). In particular, proposed Plan Change 44 (Hanley Downs) which is just one part of the Jacks Point Resort Zone would provide for an additional 2245 to 3803 residential units. The Council is to consider the commissioners' recommendations on Hanley Downs at its meeting on 24 February.
- 60 The land to the south of the site is zoned Rural Residential. Section sizes generally range from approximately 4,000m² to 6,000m².

Planning Considerations

- 61 When the Minister considers a recommendation from a local authority to establish a particular area as a SHA, the Minister is required to consider whether
- a. adequate infrastructure to service qualifying developments in the proposed special housing area either exists or is likely to exist, having regard to relevant local planning documents, strategies, and policies, and any other relevant information; and
 - b. there is evidence of demand to create qualifying developments in specific areas of the scheduled region or district; and
 - c. there will be demand for residential housing in the proposed special housing area.
- 62 Other than (by extension) considering these matters, HASHA provides no guidance by way of specified criteria on what other matters local authorities may consider when deciding whether or not to make a recommendation 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.
- 63 The purpose of HASHA 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.

64 To this effect, targets have been set in the Housing Accord that Council has agreed with the Minister to meet.

65 Council's legal advice is that planning considerations are relevant matters for Council to consider when deciding whether to recommend a potential SHA to the Minister. However, while these considerations are relevant, Council's decision-making should remain focussed on the purpose and requirements of HASHA and how to best achieve the targets in the Housing Accord. While the weight to be afforded to any consideration – including the local planning context – is at the Council's discretion, HASHA considerations are generally considered to carry more weight.

66 In theory, all or most proposed SHAs are likely to offend an ODP / PDP provision – an EOI would not be made for a permitted or a controlled activity. Therefore, a logical approach is to consider which plan provisions may have greater significance and which may therefore need to be given greater consideration.

UGB and associated issues

67 The proposed SHA is located approximately 2km from the southern edge of the UGB.

68 The 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.

69 Urban development outside the UGB is not prohibited, but would require discretionary activity resource consent under the ODP. As noted earlier however, HASHA's purpose is increasing housing supply, so an assessment that weighs up these competing matters is required.

70 The Council has previously considered five expressions of interest for SHAs immediately adjoining or near the UGB. The first four were considered on 3 June 2015 and not recommended to the Minister. These included the Ayrburn Farm Proposal. In terms of its location (near to but not adjoining the UGB) the Ayrburn Farm Proposal was treated slightly differently to the other three adjoining proposals in the officer's report considered at that meeting.

71 The fifth expression of interest was the Arrowtown Retirement Village proposal, considered at the 26 November meeting. The Council resolved to support this proposal in principle, subject to further work.

72 The following are considered to be factors that should be taken into account:

- The purpose of HASHA.
- By being located approximately 2km from the UGB, the proposed SHA is sufficiently removed from the UGB so as to not result in a 'sprawling' and

contiguous urban form. Instead it could be viewed as an isolated residential 'island' in the countryside, noting the consequent issues outlined above in this respect.

- UGBs have several purposes, not just protecting the 'edge' of urban areas. They also seek to ensure a distinction between urban and rural land uses, whether near town edges or not, and seek to discourage urban development in the countryside. The location of the proposed SHA is remote from services and facilities and would be entirely reliant on private vehicle transport as there are no pedestrian footpaths available. It is acknowledged that retirement villages typically generate low traffic volumes compared to other forms of residential development.
- The developer is committed to a design response that seeks to respond sensitively to the built and landscape character of the area – the developer will cap development to single storey only.
- Existing and proposed topographical and landscape features and characteristics will reduce the visibility of development from Arrowtown – Lake Hayes Road. However, there may be some adverse impact on rural landscape values, and Arrowtown-Lake Hayes Road is an important local road, being one of the primary entry routes into Arrowtown.
- Extension of urban infrastructure to the Rural Zone. This is inefficient and expensive in terms of the overall network. It will also create a precedent, which would tend to lead to more demand for urban services in rural zones to the cost of ratepayers and develop inefficiencies in the network.

73 Conferring SHA status for the site only enables the potential for development. SHA status, in itself, does not guarantee applications for qualifying developments will be approved, and planning matters (including UGBs and character / amenity issues) are a relevant and explicit consideration at the resource consent application stage as third and fourth tier considerations under HASHA.

Retirement Village

74 The EOI does not contain adequate information about the development and operation of the site as a retirement village, including in terms of the requirements under the Retirement Villages Act 2003 (**RVA**). The developer has confirmed that this could form part of the Deed, which may need to include details on registration and other requirements under the RVA, minimum age limits, maximum occupancy and other factors.

Significance and Engagement

75 This matter is of medium significance, as determined by reference to the Council's Significance and Engagement Policy because:

- **Importance:** the matter is of moderate importance to the District
- **Community interest:** the matter is of some interest to the community

- **Existing policy and strategy:** Although consistent with the Queenstown Housing Accord, the SHA is inconsistent with aspects of the Council's Lead Policy, the ODP and PDP.

Risk

76 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.

77 A key element of this risk is meeting the current and future development needs of the community and providing for development that is consistent with the strategic direction of Council's Policies and Strategies. There is some social risk relating to the economic and social consequences of not meeting development needs, which includes housing provision. However, the key risk involves proceeding with a development that is not adjacent or near to an existing urban development. This is inconsistent with the provisions of the Lead Policy, the ODP and the PDP. In this instance it is considered that the adverse effects of allowing an isolated urban development does not outweigh the social and economic benefits towards the provision of housing and land packages.

Council Policies, Strategies and Bylaws

78 The following Council policies, strategies and bylaws were considered:

- Lead Policy, which provides guidance for Council's assessment of SHAs.
- ODP, which regulates housing development and urban growth management.
- PDP, which sets out proposed changes to the ODP.
- Housing Our People in our Environment Strategy, which is relevant as it seeks to address the housing affordability issue in the District.
- Economic Development Strategy, a key action of which is to "investigate all options for improving housing affordability in the District".
- 2014/2015 Annual Plan, within which a number of Community Outcomes that are relevant as they relate to the economy, and the natural and built environment.

79 As discussed above, the Proposal is inconsistent with the Lead Policy and the ODP and PDP in that it would result in development that is somewhat removed from existing urban areas.

80 It is considered that in this case, the inconsistencies with the Lead Policy, ODP and PDP outweigh the benefits to the District of this Proposal going ahead.

Local Government Act 2002 Purpose Provisions

81 The recommended option is consistent with the Council's plans and policies and will help maintain the integrity of the ODP and PDP.

82 Section 14 of the LGA 2002 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

83 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.

Consultation: Community Views and Preferences

84 HASHA does not set any statutory responsibilities in terms of consultation on the establishment of SHAs. However, seeking public feedback, as has been done on the EOI, is required for decisions involving matters of significance under the LGA. In addition, 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.

85 The persons who are affected by or interested in this matter are neighbours adjoining the proposed SHA site, and more generally the wider Arrowtown and Wakatipu Basin community. There is also likely to be some wider community interest in the EOI in Queenstown, given the notable lack of retirement housing options.

86 The developer has not provided any details regarding community consultation. However the Council has provided for a community feedback process on the EOI, consistent with how other SHAs were considered. The process calls for feedback to Councillors and closes on 26 February 2016. Feedback will be collated and provided to Councillors and made public prior to the Council meeting on 1 March 2016.

Legal Considerations and Statutory Responsibilities

87 HASHA is the relevant statute. Its purpose is as follows:

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.

- 88 As stated previously, HASHA provides limited guidance as to the assessment of potential SHAs, beyond housing demand and infrastructure concerns. HASHA is silent on the relevance of planning considerations; however the Council's 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 in this report.
- 89 The Council will need to consider the consistency of any decision to recommend this SHA to the Minister and its decision in July to notify the PDP which maintains the Arrowtown UGB in its current location. The Proposal site is located outside the Arrowtown UGB and not immediately contiguous to an existing urban area. It could also be viewed as an isolated residential 'island' in the countryside. The Proposal is inconsistent with both the PDP and ODP. In this instance the provision of houses does not outweigh the adverse effects of proceeding with an isolated urban development and the precedent this may set for development of other sites throughout the District.
- 90 Council staff have discussed with one of the Council's legal advisors the relevance of the judicial review of the earlier Council decision about the Ayrburn Farm Proposal when making this decision. The advice received is that the existence of the judicial review is not a relevant consideration and so the Council should not take it into consideration one way or the other. The existence of the judicial review is also not considered to be a reason to defer making a decision on this new proposed SHA. This is because the power of the Minister to establish SHAs expires on 16 September 2016, and so deferring the decision risks time running out if the Council should decide to make the recommendation to the Minister. Further, if the Council successfully defends the judicial review, then no further steps will be needed. It is only if the Council's earlier decision is quashed that an urgent reconsideration of the earlier decision may be required, depending on the orders made by the High Court.
- 91 The Proposal would help achieve the purpose of HASHA. But it is considered that other relevant factors discussed in this report are also significant and, on balance, the recommendation is that the Council not support the establishment of the SHA.

Attachments

- A Special Housing Area Expression of Interest (excluding appendices)
- B Further information submitted by Applicant
- C Peer review of Three Waters Assessment, prepared by MWH Limited
- D Agency Response – New Zealand Transport Agency
- E Agency Response – Otago Regional Council