

**QLDC Council  
11 August 2016**

**Report for Agenda Item: 3**

**Department: Planning & Development**

**Special Housing Area Expression of Interest: Glenpanel**

**Purpose**

The purpose of this report is to present the Glenpanel Expression of Interest (**EOI**) for consideration for recommendation to the Minister for Building and Housing (**Minister**) as a Special Housing Area (**SHA**).

**Recommendation**

That Council:

1. **Note** the assessment outlined in the report;
2. **Note** that insufficient information has been provided within the EOI for Council to determine that the site can be adequately serviced.
3. **Note** that due to (2) above, and the expiry of Sections 16 and 17 of the HASHAA on the 16 September 2016, it has not been possible to negotiate and remedy the concerns raised with the proposed servicing of the EOI site, including the drafting of a Deed.
4. **Determine** not to recommend the proposed SHA to the Minister.

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1/08/2016

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**Background**

- 1 The purpose of the Housing Accord and Special Housing Areas Act (**HASHAA**) 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.*

- 2 On 23 October 2014 the Council entered into a Housing Accord with the Government. The Accord is “...intended to increase housing supply and improve housing affordability in the district by facilitating the development of quality housing that meets the needs of the growing population.”
- 3 On 30 April 2015, the Council adopted an amended Lead Policy (titled: Housing Accords and Special Housing Areas Act 2013 Implementation Guidelines), to guide the Council’s implementation of HASHAA.
- 4 The Council has completed an open process in which it sought EOIs from the public for the establishment of SHAs. Outside that process it has received individual EOIs from developers and decided to follow the same process, resulting in some of these EOIs being recommended to the Minister as SHAs. It has also itself proposed an SHA along Gorge Road (known as the Business Mixed Use Zone (Gorge Road)).
- 5 The EOI for the proposed Glenpanel SHA was submitted to Council on 5 July 2016.
- 6 This EOI will follow the same process as the Queenstown Country Club EOI which was considered by the Council at the 26 May 2016 Council meeting, and the Waterfall Park EOI, which is also being considered at this Council meeting. These have all followed a slightly different process to the other EOIs that have been received by the Council. This is because of the imminent expiry of sections 16 and 17 of HASHAA and the timeframe required by the Minister to accept the SHA.
- 7 If the Glenpanel SHA is established, the Developer will have to lodge its resource consent application prior to 16 September 2016 if the Council is to have jurisdiction to process it under HASHAA. As a result, the matters that have usually been processed *after* the Council has indicated an in-principle acceptance of the EOI have been front-loaded: Council staff have consulted various agencies and the application has been placed on the Council website for community feedback/comments. The Developer is aware that this does not mean that its proposal will be or has been approved by Council, and has proceeded at its own risk and cost.
- 8 For the other EOIs considered by Council they have been accompanied by a draft Deed which secures infrastructure, affordability requirements and other agreements made between the Council and the Developer. In this instance, a draft Deed between the Council and the Developer has been unable to be progressed due to significant uncertainty relating to the proposed servicing of the EOI site, as discussed below.

## Proposal

9 The total area of the proposed Glenpanel SHA site is approximately 20.4 hectares and is made up of multiple land holdings. The proposal site located on the northern side of Frankton-Ladies Mile Highway opposite the approved Queenstown Country Club SHA site, and is indicated in [Figure One](#) below:



[Figure One](#): Proposal site

10 In summary, the proposal seeks to subdivide the site into 207 housing lots, ranging in size from 288m<sup>2</sup> to 960m<sup>2</sup> as follows:

- Medium/High Density Allotments - 104 are sized at 288m<sup>2</sup>;
- Low Density Allotments - 65 are between 450-650m<sup>2</sup>;
- Rural Edge Allotments - 38 are between 506-906m<sup>2</sup>; and
- Rural edges, open spaces and pocket parks, landscape treatment, large boundary setbacks from the state highways, mitigation plantings and the creation of new roads, parking, footpaths and cycle ways.

11 The EOI and its attachments form part of **Attachment A**.

12 The proposed densities are illustrated in [Figure Two](#) below:



Figure Two: Proposed Density Plan

13 The site is located in the Rural General zone of the Operative District Plan (**ODP**) and the Rural Zone of the Proposed District Plan (**PDP**). The site is also located outside the proposed Urban Growth Boundary (**UGB**) of the PDP. This is illustrated in Figure Three below with the proposed UGB indicated with a red dotted line:

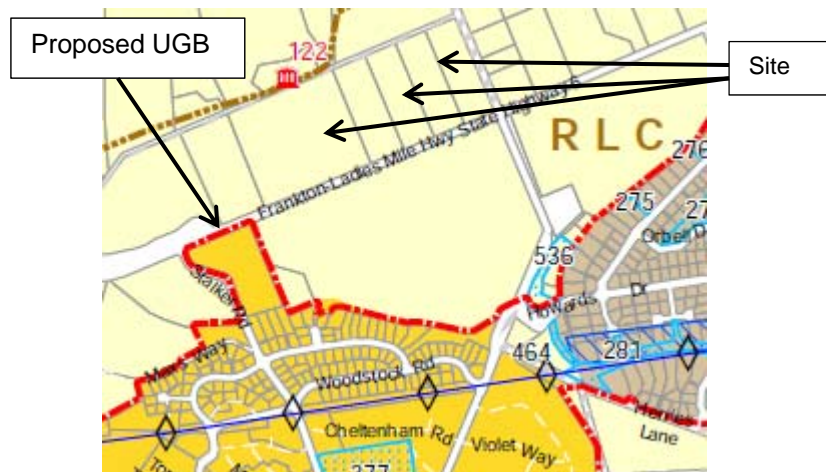


Figure Three: Location of the proposed UGB

14 Access to the site is via an existing paper road off Frankton-Ladies Mile Road. This is shown in Figure Four below. The Developer has promoted two access options which are further discussed below.

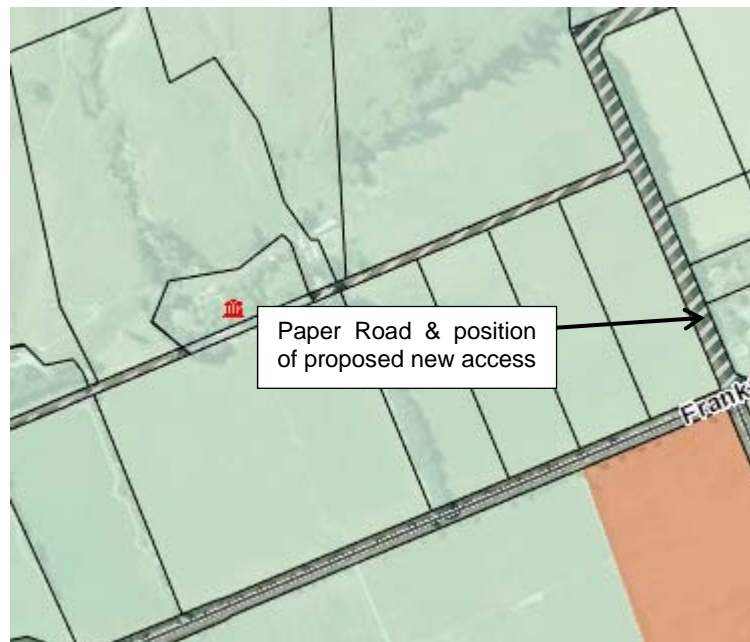


Figure Four: Position of Paper Roads

- 15 The Developer proposes to locate residential dwellings over existing unformed paper roads and for these roads to be swapped and replaced with a new network of roads within the site. It should be noted that a separate road relocation process would need to be undertaken to enable this and that it may create delays in the ability to deal with the overall proposal. The developer has provided further information regarding this process which is contained in **Attachment B**.
- 16 The Developer has noted in the EOI it has entered into discussions with the Queenstown Lakes Community Housing Trust (**QLCHT**). A further update from the Developer has advised that an agreement has been reached. However, no information has been provided regarding the agreement reached. The Developer has been asked to provide further information on this matter and an update will be provided at the Council meeting.
- 17 The EOI comprises of concept plans and images, with supporting assessment from a professionally qualified planner, landscape architect and engineers.
- 18 At page 22 of the EOI the Developer outlines the persons that have been consulted regarding the proposal. This includes the Council, QLCHT, New Zealand Transport Agency (**NZTA**), Sanderson Group (Developer of the Queenstown Country Club SHA), Ladies Mile Pet Lodge, Chamber of Commerce, Queenstown Trails Trust, the business community and other adjacent landowners. No information has been provided regarding how these parties were consulted, the views of these parties, or the outcome of the consultation. The Council's public feedback process is also noted in the EOI.

#### Submissions on the Proposed District Plan

- 19 The PDP is still at a reasonably early stage of development. Some of the current landowners of the EOI site have combined with other property owners on northern side of Frankton-Ladies Mile Highway to submit a joint submission

seeking that the zoning of their land change from Rural to Rural Lifestyle (Submission 535).

20 The owner of the property directly to the east of Howards Drive (Walker property – 516 Frankton-Ladies Mile Highway) also seeks for its land to be rezoned from Rural to Rural Lifestyle.

21 One of the property owners of land to the west of Stalker Road seeks for all this land to change from Rural to Large Lot Residential zoning (Submission 838).

Housing Accord targets and potential yield

22 The Housing Accord sets the following targets:

<b>Total number of dwellings and sections consented</b>			
	<b>Year 1</b> October 2014 – September 2015	<b>Year 2</b> October 2015 – September 2016	<b>Year 3</b> October 2016 – September 2017
<b>Targets</b>	350	450	500
<b>Actual</b>	<b>557</b>	<b>399</b> (at 30 April 2016)	

23 The Year 1 target has been met. However, this was not met through development following the establishment of SHAs. An analysis of the Year 2 targets show that six months into Year 2 the total number of dwellings and sections consented is 399 (or 88% of the Year 2 targets), which is just 51 short of the Year 2 target of 450. The Bridesdale SHA resource consent application that was approved on the 21 March 2016 contributed significantly to the Year 2 targets.

24 The Minister is seeking to amend these targets with the exact figures yet to be set. It is anticipated that these will be higher than the original targets and an update will be provided at the Council meeting.

25 The Minister has approved the following SHAs in the region:

- Bridesdale – 136 residential allotments and 1 commercial allotment (decision issued 21 March 2016);
- Shotover Country – 95 residential units;
- Arthurs Point – 70 residential units;
- Onslow Road – 20 residential units;
- Arrowtown Retirement Village – 90-120 villa units, 40-55 apartment units, and a 100 bed aged care facility offering rest home, hospital and dementia level care;
- Business Mixed Use Zone (Gorge Road) – approximately 100 to 150 residential units are anticipated;
- Queenstown Country Club (Retirement Village) - 227 independent villas; 72 serviced apartments; 72 bed care facility: offering rest home, hospital and dementia care; commercial node: ancillary services including a doctor, dentist, pharmacy and child care; club house: offering a café, theatre,

gymnasium, health spa, bowling green and croquet lawn; staff rental accommodation (approximately 7 blocks); and residential subdivision (approved on 5 July 2016).

- 26 These proposals would deliver a yield of approximately 955 residential units, a 172 bed aged care facility and 18 staff accommodation units, contributing significantly to the Council's obligations under the Housing Accord, especially directly relating to the specified housing targets.
- 27 The EOI would contribute significantly to the Housing Accord targets and in this respect meets the purpose of the HASHAA.

### **Council's Lead Policy on Special Housing Areas**

- 28 The Developer has undertaken its own review of the proposal against the Lead Policy at pages 21 and 22 of the EOI. An assessment of the proposal against the Lead Policy is set out below.

#### Location (Paragraph 5.2.1 of the Lead Policy)

- 29 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.*

- 30 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.*

- 31 The Lead Policy specifies at criterion 5.2.1 that:

*The proposed area shall be located within or adjacent to existing urban areas. Areas located in rural areas remote from existing urban areas and services will generally not be viewed favourably.*

- 32 Land to the north, east, south and west of the EOI site is zoned Rural General in the ODP. The site is located approximately 60m to the north east of the proposed UGB in the PDP. However, this area of land is located in Activity Area 5a, which is Open Space, State Highway of the Structure Plan.
- 33 Current land uses adjacent to the site include farming (and residential activity associated with it) and rural living. A Pet Lodge immediately adjoins the site to the west. Potential reverse sensitivity considerations associated with increased residential activity in close proximity to the Pet Lodge would need to be assessed as part of any resource consent application.

- 34 The location criterion of the Lead Policy is intended to relate to “existing urban areas and services”, not areas that are zoned or intended for future urban development (but have not yet been developed). This was confirmed by the High Court in *Ayrburn Farm Developments Ltd v Queenstown Lakes District Council* [2016] NZHC 693 at [76].
- 35 The site is located to the north (directly across Frankton-Ladies Mile Highway) of the Queenstown Country Club SHA. However, the Council is yet to receive a resource consent application for the proposed development of that site, meaning it ought not to be seen as an urban area in terms of the Lead Policy location criterion.
- 36 What makes this site unique from other sites in the Wakatipu Basin is that Council Officers are currently undertaking a high level review of this area and providing options to the Councillors, which could potentially include a variation to the PDP. It must be emphasised that this study is only in the initial stages.
- 37 The site does not immediately adjoin an existing urban area and is inconsistent with the Lead Policy in this respect. However, it is located close to both Shotover Country and Lake Hayes Estate (within approximately 300m to 400m). Council is also in the process of investigating the potential of this portion of the Ladies Miles Highway for further growth. These are important considerations for the Council when determining whether or not to recommend the EOI to the Minister.

*Adequate Infrastructure (Paragraph 5.2.2 of the Lead Policy)*

- 38 An infrastructure review has been prepared for the Developer by Clark Fortune McDonald & Associates (**CFMA**). This report forms part of Appendix 2 of the EOI.
- 39 Holmes Consulting Group (**HCG**) has undertaken a Three Waters Review of the information submitted as part of the EOI on behalf of the Council. This report is contained in **Attachment C**.
- 40 Of particular relevance to the consideration of infrastructure is section 16(3)(a) of HASHAA, which states that the Minister must not recommend the making of an Order in Council establishing a SHA unless the Minister is satisfied that adequate infrastructure to service qualifying developments in the proposed SHA either exists or is likely to exist. This is an important consideration for Council when assessing any EOI.
- 41 In terms of wastewater, CFMA states that the development would connect into the QLDC wastewater network via an existing main. Gravity sewer reticulation would be constructed internally for the development and a new wastewater pump station with appropriate standby generation and storage would be required. HCG agrees with this assessment.
- 42 HCG states that while there is expected to be sufficient capacity in the existing falling main, the Developer has not provided sufficient information to date to confirm this. As a result, further information is required to confirm capacity.
- 43 HCG notes that no assessments of potable water, firefighting or irrigation demands have been carried out. CFMA notes that public irrigation demands are



likely to be handled centrally within the development and could be supplied from an alternative source. HCG recommends public irrigation requirements to be met by a non-potable source may also be required.

44 The water pressures required to service the EOI site are not able to be achieved using existing infrastructure without booster pumping. CFMA proposes to address this via a new reservoir and booster pump system, which will be located on land owned by the Developer that is outside the EOI site. Further information regarding the location of this reservoir would need to be provided.

45 HCG also recommends that the combined water networks are modelled and a robust development agreement is established to cover any incremental infrastructure upgrades to supply the EOI site, and the cost of booster pump and the reservoir solution.

46 In terms of stormwater, HCG notes many shortfalls with the proposed stormwater system. HCG considers the assessment taken and solution proposed by CFMA to be non-conservative and notes that it has not taken into consideration the total impervious area within each lot. For example, in both the medium and high density areas of developments, HCG suggests that the average rates proposed by CFMA may not provide for the total expected increased run-off.

47 Other stormwater issues raised by HCG include:

- The attenuation of the 100 year storm event within the detention pond on site, discharging at pre-development flows to the downstream network. No downstream network has been identified by CFMA. HCG assumes this relates to roadside swales/water table, however no discharge is described in the concept;
- The cut off drains that are currently in place at the base of Slope Hill have been assumed by CFMA to be appropriate to mitigate any effects. HCG note that GeoSolve Limited (**GeSolve**) report (which forms part of Appendix 3 of the EOI) identifies past shallow debris and mudflows in the area. As a result, there is a risk of breakout of water from these cut off drains;
- No soakage tests have been provided. The infiltration rates used by CFMA are considered to be non-conservative;
- Lack of conservatism in the infiltration rates combined with the lack of conservatism in the run-off rates means the stormwater concept as a whole is totally reliant on the detention ponds working optimally. HCG notes that GeoSolve has identified some seepage within the site resulting from upstream gullies. There is the potential for the proposed development to result in similar effects;
- CFMA proposes the stormwater treatment to be provided via grass swales and pre-treatment before infiltration to the ground. HCG notes that pre-treatment outside of the infiltration basins will be required to mitigate the effects of sediment and other contaminants on the infiltration rates; and

- HCG recommended that an investigation into the wider considerations of the effects of the concentrated infiltration on the surrounding area be carried out. This could be via a Stormwater Catchment Management Plan (**SCMP**).

48 GeoSolve Limited (**GeoSolve**) has undertaken a preliminary geotechnical report, which formed Appendix 3 of the EOI. It concluded that the development of a residential subdivision on the site is feasible from a geotechnical perspective. It has indicated that standard engineering or planning solutions will be available to address any geotechnical or hazard issues. GeoSolve notes that further investigation will be required at the detailed design phase.

49 A traffic assessment provided by the Developer was prepared by Traffic Design Group (**TDG**). This forms Appendix 4 of the EOI. In response to discussions with both the Council and NZTA the Developer amended the proposed location of the access to be off SH6 opposite Howards Drive rather than midblock.

50 TDG has undertaken an investigation of the operational performance of a roundabout (similar to the Stalker Road roundabout). The investigation indicates that the use of the roundabout will be subject to delays of more than 30 seconds during morning and evening peak periods. TDG notes that this is a comparable level to the forecasted delays from the full development of the other approved SHAs in the area.

51 The Developer is promoting two options for the location of the principal access. Option A involves access through the existing paper road that runs along the eastern boundary and a roundabout connecting onto Howards Drive; Option B shifts the position of the roundabout 80m from the eastern boundary, again connecting through to Howards Drive.

52 Overall, TDG concludes the proposal can be supported from a transport perspective if safe and efficient access is provided via a new four arm intersection at Howards Drive. NZTA has indicated in its further response that the only viable option is a roundabout but has not provided a preference in terms of Option A or B. Further consultation and negotiation would need to take place with the NZTA.

53 In order to construct a roundabout the Developer would need to obtain land from neighbouring properties. No information has been provided within the EOI as to whether these parties would be willing to sell part of their properties in order to facilitate the construction of a roundabout.

54 NZTA has advised that it would not utilise its powers of compulsory acquisition under the Public Works Act to acquire private land for a private development. As a result, there is no guarantee that the site can be appropriately serviced in terms of access. The Developer has undertaken that it would volunteer a condition as part of a draft Deed stating that the resource consent will not be given effect under the HASHAA until the access has been satisfactorily resolved. There is risk that the access issues could not be resolved as part of the resource consent process.

55 It is also proposed to locate residential dwellings on paper roads. The relocation of these roads is a separate process that may hold up the processing of the resource consent application under the HASHAA.

56 The key issue relating to the assessment of this EOI is the timing and the impending expiry of Sections 16 and 17 of the HASHAA (on 16 September 2016). The Developer has not demonstrated that the EOI site can be adequately serviced in terms of water, waste water, storm water and access. Significant concerns have been raised and there is considered to be very limited opportunity to remedy the concerns and progress a draft Deed in the specified timeframes.

57 An approach where these matters could be worked through in a subsequent consenting process rather than being resolved now is not supported.

*Demand For Qualifying Development & Residential Housing (Paragraphs 5.2.3 & 5.2.4 of the Lead Policy)*

58 The EOI would help to address land and housing supply issues by providing for 207 residential allotments, which include low and medium density allotments. The principle objective of the medium/high density allotments appears to be the supply of housing for the purpose of staff accommodation in two to three storey structures. However, no specific details have been provided regarding this.

59 The Developer proposes to commence development as soon as possible.

60 The new SHA would deliver new residential housing that supports the aims of HASHAA and targets of the Housing Accord.

*Housing Provision and Affordability (Paragraph 5.2.5 & 5.2.6 of the Lead Policy)*

61 The EOI targets a range of housing needs promoting low, medium and high density housing options. The EOI includes 104 medium/high density lots (50% of the residential dwellings) being approximately 288m<sup>2</sup> in size. The sizes of the dwellings may vary depending the level of high density and medium density sites. The Lead Policy requires at least 30% of the allotments to be between 250-400m<sup>2</sup>. The location of the medium/high density allotments is shaded in blue in Figure Five below:



Figure Five: Position of the medium/high density allotments

- 62 The Developer has advised that 41 of the 104 medium/high density units will be two bedroomed units. A clause to ensure this outcome would need to be included in a draft Deed. This equates to an overall percentage of 20%. The Lead Policy requires 20% of dwellings to comprise of two bedroom dwellings.
- 63 The Developer has not provided any information on the proposed price points of the sections.
- 64 The Developer has proposed to place design covenants on all the sections to ensure the quality and character of the development without impacting on affordability. If this EOI is recommended as an SHA it would be essential to find out further information on the proposed covenants to ensure that this requirement does not impact on affordability. This could be done as part of the resource consent application.
- 65 The Developer has advised that discussions have taken place with the QLCHT and an agreement has been reached. However, no specific details have been provided. The Council is required to be satisfied at its sole discretion that the executed agreement reasonably meets the community housing criteria of its Lead Policy. A clause could be included in a draft Deed requiring this agreement to be in place prior to recommending the EOI to the Minister. This is a similar process that has taken place with other EOIs that Council has considered.
- 66 The proposed SHA is not to be used for visitor accommodation purposes. A clause would need to be included in a draft Deed that restricts the proposed SHA being used for short term rental/visitor accommodation, as identified by section 5.2.5(f) of the Lead Policy.

Predominantly Residential, Building Height and Residential Quality (Paragraphs 5.2.6 to 5.2.9 of the Lead Policy)

67 The proposal is predominantly residential with the following ancillary activities:

- Internal roading, parking, an underpass, footpaths, lawn and garden areas; and
- Open spaces and landscape treatment, inclusive of large boundary setbacks, mitigation plantings and walking and cycle links.

68 The EOI proposes that all new buildings in the medium/high density area are 11m in height and the other areas are to have a maximum height of 8m.

69 An 8m height limit currently applies in the Rural General Zone. A height limit of 11m (or three storeys) for the medium/high density area is considered to be reasonable. As a result, it is recommended that the qualifying development criteria of three storeys or 11m be sought.

70 In terms of connections, Council's Reserves Department has noted that easements could be provided through private land to ensure the long-term protection of the proposed cycle ways.

71 Any network should be developed in conjunction with the Council and the Queenstown Trails Trust. This requirement could be included in a draft Deed.

Conclusion

72 This proposal will target a range of housing needs (including for first time home buyers and higher density areas that have been designed for workers accommodation). It will provide a mixture of low, medium and high residential properties. The Developer is promoting a requirement that at least 20% of the units built would be 2 bedroom units. The proposal will result in a residential development that will provide social benefits to the local community. The proposal would facilitate the increase of land and housing consistently with the purpose of HASHAA.

73 While, the EOI does not immediately adjoin an existing urban area, it is located very near (approximately 300 - 400m) to both Lake Hayes Estate and Shotover Country.

74 Significant concerns have been raised regarding the certainty and feasibility of the proposed stormwater system. Soakage testing at the site needs to be carried out and more information provided in relation to overland flow paths within and upslope of the site. A SCMP is also required to provide a holistic view of the entire catchment.

75 HCG has also noted that further information is required regarding wastewater and the water supply scheme. There is also some uncertainty pertaining to the access into the site. It has been determined that private land will be required to construct the roundabout.

76 Overall, insufficient information has been provided to date to determine whether or not the site can be adequately serviced. The implications of this are that Council has not been able to progress negotiation of a draft Deed. The provision of adequate infrastructure is also a key consideration of the Minister when determining whether or not to recommend making an Order in Council to establish a SHA (Section 16(3)(a) of the HASHAA).

77 For these reasons, ultimately the proposal is not considered to be consistent with the Lead Policy.

78 These are important issues for the Council's consideration whether or not to recommend the EOI to the Minister.

### Agency Responses

#### *Otago Regional Council (ORC)*

79 Correspondence from ORC is included in **Attachment D**.

80 From a natural hazards view point, ORC has not raised any significant concerns. ORC notes that any resource consent application should provide subsurface investigative data and identify how any natural hazards will be avoided or mitigated.

81 In terms of stormwater management, ORC has noted that it has not been consulted by the Developer on concept promoted within the EOI, nor have any references to ORC's relevant regulatory plans been included. Due to the size and proximity of the EOI to Lake Hayes this is of particular interest to the ORC.

82 The development of the SCMP should be discussed in consultation with the ORC. ORC has noted that the objectives and policies of the Regional Policy statement and Proposed Regional Policy Statement should be considered in respect of the SCMP.

#### *Ministry of Education (MoE)*

83 MoE has advised that it expects that as a result of the development there could be up to three to four additional teaching spaces required at Shotover Primary School. It has noted that this growth could be accommodated within the current plan for stage 2 expansion of capacity at Shotover Primary School. It has noted that the long term implications of ongoing growth within the area may necessitate bringing forward the extension. Correspondence from MoE is included in **Attachment E**.

#### *Kai Tahu ki Otago (KTKO) and Te Ao Marama Incorporated (TAMI)*

84 At the time of writing this report no correspondence had been received from KTKO or TAMI. An update will be provided at the Council meeting.

*New Zealand Transport Agency (NZTA)*

85 NZTA has advised (**Attachment F**) that in very general terms it agrees with the conclusions reached within the TDG report. However, it would like to reaffirm the requirement for access to be provided via a roundabout.

86 NZTA considers that a roundabout is the only viable option to provide a safe intersection treatment that is consistent with its Safe System principles. NZTA has no current plans to undertake this work based on the current levels of service at this intersection and therefore consider it appropriate that this work is undertaken by the Developer.

87 NZTA supports the following transport elements of the proposal:

- Connectivity to adjoining land east and west of the subject site to enable these areas to be accessed via the new roundabout;
- Pedestrian access under SH6 to development on the southern side of the highway;
- Internal walking and cycling links and connections to the Queenstown Trails network; and
- The proposed transport hub (noting that the internal road network must be of a sufficient standard to accommodate public transport).

88 NZTA notes that it continues to have some concerns regarding the longer term operational capability of the State Highway at this location, particularly given the growing volume of consented but unrealised residential development on the eastern side of the Shotover River.

*Council's Senior Planner, Parks and Reserves*

89 Council's Senior Planner Parks and Reserves consider the SH6 underpass to be a good idea to promote connectivity. She notes that the reserves adjacent to Frankton-Ladies Mile Highway are required as a visual buffer but aside from the cycle way do not offer any recreational value, particularly with the proposed storm water detention ponds taking up a considerable amount of this area. The cycle ways could be provided as easements through private land.

90 In terms of the pocket parks, Council is moving away from requiring the vesting of these types of areas in the Council. There is a preference for parks to be bigger, particularly when they are servicing such intense levels of development. Council's Senior Planner Parks and Reserves notes that the proposed central neighbourhood park is a better size, but is still not big enough to kick around a ball and provide for a sizeable playground.

91 The overall design, size and layout of the parks would need to be reconsidered if it is the intention of the Developer to vest these in Council.

92 If the EOI were approved as an SHA by the Minister, pre-application discussions are recommended to ensure that the above issues are resolved prior to the

submission of any resource consent application. This requirement should also be included as a clause within a draft Deed.

### Planning Considerations

- 93 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. (As indicated above) 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.
- 94 Beyond these matters, other planning considerations are relevant matters for the Council to consider when deciding whether to recommend a potential SHA to the Minister, having regard to the purpose of HASHAA.
- 95 The Developer has undertaken a detailed review of the RMA considerations at page 22 of the EOI.
- 96 In theory, all or most of the proposed SHAs are likely to be contrary to 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 Landscape Matters

- 97 The proposed SHA is located outside the proposed UGB in the PDP. It is noted that the Arrowtown UGB is the only operative UGB in the ODP. Currently the PDP is still at a reasonably early stage of development. Urban development outside the UGB is not prohibited, but would require resource consent as a discretionary activity under the ODP and PDP. As noted earlier however, HASHAA's purpose is increasing housing supply, so an assessment that weighs up these competing matters is required.
- 98 It is noted that many of the proposed and approved SHAs are located outside of the proposed UGB in the PDP. These include; Bridesdale, Arrowtown Retirement Village, Onslow Road, Queenstown Country Club and parts of Arthurs Point and Shotover Country.
- 99 The following are considered to be factors that should be taken into account:
- a. The purpose of HASHAA (noted in paragraph 1 above);



- b. The EOI is not located adjacent to an existing urban area and is located outside the proposed UGB of the PDP. The EOI site is located approximately 300m to 400m from Lake Hayes Estate and Shotover Country. These urban developments are generally screened from the State Highway by existing topographical features and being located within a basin.
- c. The site is located within an area that the Council is investigating the potential for increased development. It must be emphasised that this study is only in the initial stages;
- d. Even though the proposed SHA is located near two large areas of residential development this portion of Ladies-Mile Highway (being east of the Shotover River) is considered to be an important visual corridor into Queenstown. This general area (with the exception of Threepwood) is largely free from residential development and retains its rural character, with open paddocks and trees lining the highway. The Queenstown Country Club SHA has been approved directly to the south of the site, however resource consent application has not been received or approved by the Council;
- e. The EOI has considered the constraints of the site and states:
  - i. Particular consideration has been given to the landscape treatment of the Ladies Mile frontage. The Developer is proposing to plant additional plantings and has proposed significant setbacks from this road. A large area of open space area is proposed adjacent to Frankton-Ladies Mile Highway. Small clusters of rural styled dwellings are proposed to be located nearest the road boundary (which are approximately 65 metres from the State Highway). It is noted that the Rule 5.3.5.2ii of the ODP requires setbacks from SH6 between Lakes Hayes and Frankton to be 50m and this is maintained in the PDP (Rule 21.5.2);
  - ii. All infrastructure is proposed to be underground;
  - iii. It is noted that increased densities are located near the central and northern portion of the site. The determination of the exact densities and location of dwellings will need be assessed in detail as part of any resource consent application;
  - iv. The EOI promotes connectivity to adjoining land east to west of the subject site to enable these areas to be accessed via the new roundabout (and existing Shotover Country roundabout). Pedestrian access under SH6 is also promoted via an underpass. This is considered to be an important link between the north and south side of Ladies Mile Highway;
  - v. Design and landscape controls, such as height limits have been imposed to minimise views of development from outside of the site. Two and three storey dwellings are limited to the central and northern areas of the site.

- f. A significant portion of the site is to be retained in landscape protection areas and open space (approximately 6.9ha or 34% of the site). The Developer has allowed for future connections within its design approach. The acceptability of the open space areas, proposed setbacks, connections and mitigation measures would be assessed in detail as part of the resource consent application, including pre-application discussions. In particular, Council's Senior Planner Parks and Reserves has raised concern with the size of the pocket parks and is of the opinion that these need to be revised. This matter will need to be addressed prior to the submission of any resource consent application.
  - g. Existing and proposed landscape features, combined with the proposed locations, materials and landscape treatment will reduce the visibility of development from Frankton-Ladies Mile Road. However, the approval of this development would inevitably change the rural character of the area and may set a precedent for further residential development within this area. One of the key considerations will be whether or not the proposed measures would mitigate the change in landscape character from rural to urban;
  - h. Significant issues have been raised in terms of the certainty and feasibility of servicing of the site and the proposed stormwater approach.
  - i. The proposal will result in the 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 for development north of the Frankton-Ladies Mile Highway, which could tend to lead to more demand for urban services in rural zones to the cost of ratepayers and potentially develop inefficiencies in the existing and proposed network.
- 100 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, character / amenity and landscape issues) are a relevant and explicit consideration at the resource consent application stage as third, fourth and fifth tier considerations under HASHAA.

#### Operative District and Proposed District Plans

- 101 The Developer has undertaken an assessment of the objectives and policies of both the ODP and PDP at pages 23-25 of the EOI.
- 102 Goal 3.2.2 (The strategic and integrated management of urban growth) of the PDP is supported by Objective 3.2.2.1, which states:

*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.*

103 Objective 4.2.1 of the PDP requires urban development to be coordinated with infrastructure and services and undertaken in a manner that protects the environment, rural amenity and outstanding natural landscapes and features. This objective is supported by the following policies:

***Policies***

***4.2.1.1 Land within and adjacent to the major urban settlements will provide the focus for urban development, with a lesser extent accommodated within smaller rural townships.***

***4.2.1.2 Urban development is integrated with existing public infrastructure, and is designed and located in a manner consistent with the capacity of existing networks.***

***4.2.1.3 Encourage a higher density of residential development in locations that have convenient access to public transport routes, cycleways or are in close proximity to community and education facilities.***

***4.2.1.4 Development enhances connections to public recreation facilities, reserves, open space and active transport networks.***

***4.2.1.5 Urban development is contained within or immediately adjacent to existing settlements.***

***4.2.1.6 Avoid sporadic urban development that would adversely affect the natural environment, rural amenity or landscape values; or compromise the viability of a nearby township.***

***4.2.1.7 Urban development maintains the productive potential and soil resource of rural land.***

104 The EOI is consistent with some of the abovementioned policies, for example, it would enhance public access and connectivity between the north and south side of Frankton-Ladies Mile Highway and along the cycle ways and areas of open space. Shotover Country Primary School is also easily accessed from the site. However, it:

- a. will result in the development of a site that is not located immediately adjacent to an urban area. That said, it is within very close proximity to both Lake Hayes Estate and Shotover Country;
- b. will promote increased densities of residential development that are reliant on vehicular traffic; and
- c. will result in development that cannot be adequately serviced.

105 In summary, while all SHAs will to an extent be inconsistent with some or many of the objectives and policies of both the ODP and PDP, this EOI would result in an urban development that is located within close proximity to existing urban areas, being Lake Hayes Estate and Shotover Country. Despite this, insufficient information has been provided to determine that the

site can be adequately serviced in terms of infrastructure. The Council must consider these matters having regard to the purpose of HASHAA.

### **Comment**

106 At this stage in the process, the Council's decision making role is focused on whether it recommends the proposed SHA land to be considered by the Minister as a SHA under HASHAA.

107 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 SHA to the Minister

108 *Advantages:*

- Helps contribute to the purpose of HASHAA, 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 increasing the supply of land and housing in the District.
- Generates a number of social and economic benefits (both short term and long term) such as the creation of jobs during the construction phase and long term benefits relating to the increased supply of housing and the public access the areas of open space;
- Provides a platform for a range of housing options to be developed in the Wakatipu Basin, including low, medium and rural residential sections;
- Contributes to community housing in the Wakatipu Basin via a requirement for an agreement between the Developer and the QLCHT.

109 *Disadvantages:*

- There is a high risk of uncertainty that the site cannot be appropriately serviced. The Council would need to accept the significant risks of proceeding with the development based on the information received to date.
- The proposal would set a precedent for urban development along the north of Frankton-Ladies Mile Highway, which is considered to be an important landscape corridor into the Wakatipu Basin. The site is not unique or distinguishable from many other sites that are located along this northern extent of the road and the granting of this SHA could lead to a precedent of further residential development in this location.
- The proposal is considered to be inconsistent with the ODP and PDP, due to its location outside the UGB, and on the part of the site that is zoned Rural General and Rural where the scale and density of development is not anticipated.

## Option 2: Not recommend the proposed SHA to the Minister

### 110 *Advantages:*

- Would help preserve District Plan integrity by avoiding development that is inconsistent with the ODP and PDP.
- Would avoid the increased levels of residential development on the northern side of Frankton-Ladies Mile Highway.
- Would avoid creating a precedent for urban development on a site that is not unique or distinguishable from many other sites along the northern extent of the Frankton-Ladies Mile Highway.
- Would avoid the risk and potential long-term cost of proceeding with a development that at this time, cannot be appropriately serviced.

### 111 *Disadvantages:*

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

112 This report recommends **Option 2** for addressing the matter for the reasons detailed in paragraph 108 above.

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

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

- **Importance:** the matter is of high importance to the District
- **Community interest:** the matter is of considerable interest to the community
- **Existing policy and strategy:** Although consistent with the Housing Accord, the SHA is inconsistent with aspects of the Council's Lead Policy, the ODP and PDP.

### ***Risk***

114 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.

115 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.

- 116 One of the risks is proceeding with a development that will set a precedent for the future redevelopment of this northern portion of Frankton-Ladies Mile Highway. This land is currently zoned Rural. This level of development is inconsistent with the provisions of the ODP and the PDP.
- 117 If Council is prepared to accept the consequences of setting a further precedent for residential development along this northern extent of Frankton-Ladies Mile the further investigations of this area needs to be made a priority to make sure that is developed in an efficient manner.
- 118 Notwithstanding the above, a very significant issue is proceeding with a development that has not demonstrated that it can be adequately serviced. This is inconsistent with the Lead Policy and section 16(3)(a) of the HASHAA. It is not considered appropriate to rely on the resource consent process for these matters to be resolved and there are considered to be significant risks proceeding with this proposal in its current form.
- 119 In addition, Council has been unable to progress negotiations of a draft Deed. This does not accord with the Council's previous approach of ensuring satisfaction of affordability and infrastructure requirements by way of a draft Deed. If the Council were to recommend the proposed SHA, it should recommend it subject to urgent negotiations of a draft Deed.

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

- 120 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".
  - 2016/2017 Annual Plan, within which a number of Community Outcomes that are relevant as they relate to the economy, and the natural and built environment.
- 121 As discussed above, the proposal is inconsistent with the ODP and PDP in that it would result in the urban development of a rural zoned site. In addition, insufficient information has been provided to determine that the site can be adequately serviced in terms of infrastructure.

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

- 122 The recommended option is consistent with the Council's plans and policies and will help maintain the integrity of the ODP and PDP.
- 123 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
- 124 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***

- 125 HASHAA does not set any statutory responsibilities in terms of consultation on the establishment of SHAs. However, the Council has sought public feedback / comment regarding the proposed SHA, which it has done for all SHA proposals. In addition, should the SHA be established, 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 resource consent process.
- 126 The persons who are potentially affected by or interested in this matter are neighbours adjoining the proposed SHA site, and more generally the wider Wakatipu Basin community. There is also likely to be some wider community interest in the EOI in Queenstown, given the shortage of land and housing and the location of the EOI.
- 127 The Developer has not provided any details regarding community consultation. At page 22 of the EO it notes the parties that have been consulted. However, no details have been provided regarding what the consultation was and the outcome of it. Therefore, this must be considered with some caution.
- 128 In addition, the Council has also provided for community feedback process on the EOI, consistent with how other SHAs were considered. The process calls for feedback to Councillors and closes on 5 August 2016. Feedback will be collated

and provided to Councillors and made public prior to the Council meeting on 11 August 2016.

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

- 129 HASHAA is the relevant statute with its purpose detailed in paragraph 1 of this report.
- 130 As stated previously, HASHAA provides limited guidance as to the assessment of potential SHAs, beyond housing demand and infrastructure concerns. HASHAA is silent on the relevance of planning considerations; however the Council's legal advice is that these are relevant considerations and this has been confirmed by the recent High Court decision. The weight to be given to these matters is at the Council's discretion, having regard to the overall purpose of HASHAA. These matters have been considered in this report.
- 131 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 sites as Rural zoning. The proposed SHA land is located outside the proposed UGB. However, it is located in very close proximity to both Shotover Country and Lake Hayes Estate and is contained in an area that is being investigated for future growth.
- 132 Allowing development on the northern side of Frankton-Ladies Mile Highway would change the characteristics of this area and is likely to set a precedent for residential development within this area. Noting that the Queenstown Country Club SHA has been approved on the southern side of Frankton-Ladies Mile Highway.
- 133 The proposed stormwater system may not be feasible. Council's Engineering Consultant, HCG has advised that further information is required. ORC has also raised concern with the proposed stormwater system and has noted that a SWCMP is required. There are significant risks of proceeding with a development that cannot be appropriately serviced.
- 134 In this instance the provision of land for housing does not outweigh the adverse effects of proceeding with a development that has not demonstrated it can be adequately serviced. There are significant risks associated with recommending this EOI to the Minister and it is not considered appropriate to rely on the resource consent process for these issues to be resolved.
- 135 This report recommends that the Council does not recommend the establishment of the SHA to the Minister.

### **Attachments (Merged together and presented separately)**

- A Special Housing Area Expression of Interest
- B Further Information – Road Exchange Process
- C Three Waters Assessment, prepared by Holmes Consulting Group Ltd
- D Agency Response – Otago Regional Council
- E Agency Response – Ministry of Education
- F Agency Response – New Zealand Transport Agency