

**QLDC Council
23 June 2017**

Report for Agenda Item: 1

Department: Planning & Development

Proposed amendments to the Council's Lead Policy for Special Housing Areas to include the Ladies Mile

Purpose

- 1 The purpose of this report is to recommend that public feedback be sought on a proposal to amend the Council's Lead Policy for Special Housing Areas to include a defined area of the Ladies Mile within Category 2, where expressions of interest for Special Housing Areas would be encouraged.

Executive Summary

- 2 The district's housing affordability problem, and the high levels of growth being experienced, require the Council to consider how it can enable and provide more land for housing. This is reinforced by a number of drivers from central government including the Housing Accord and the National Policy Statement on Urban Development Capacity.
- 3 Council resolved on 26 May 2016, when deciding to recommend the Queenstown Country Club Special Housing Area to the Minister, to seek a report on the issues and options to master plan the development of the Ladies Mile area. If the area is to be developed, a range of options are available to the Council from rural residential through to high density residential. A variety of mechanisms are available to Council including a potential variation to the Proposed District Plan or through an amendment to the Lead Policy for Special Housing Areas.
- 4 This agenda item reports back on the issues and options as requested by the Council. The agenda item recommends that public feedback be sought on a proposal to amend the Lead Policy to include the Ladies Mile area as an area where SHA applications would be considered, based on an Indicative Master Plan that enables a mixture of housing densities around a small commercial core, to provide a heart for the combined Ladies Mile, Lake Hayes Estate and Shotover Country areas. Development would be required to be in accordance with an Indicative Master Plan, Indicative Landscape Strategy and the Ladies Mile Development Objectives.

Recommendation

That Council:

1. **Note** the need to provide more land for residential development arising from the:
 - a. unaffordable nature of the Districts rental and housing markets

- b. the National Policy Statement on Urban Development Capacity, and
 - c. the Housing Accord targets.
2. **Seek** public feedback on the proposed addition of the Ladies Mile Area into Category 2 of the Housing Accords and Special Housing Areas Act 2013 Implementation Policy ("**Lead Policy**"), including the inclusion of:
- a. an Indicative Master Plan; and
 - b. an Indicative Landscape Strategy and
 - c. the Ladies Mile Development Objectives

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Background

- 5 The background to this agenda item is covered under seven topic headings. The first five relate to the need to provide more land for housing:
- a. The National Policy Statement on Urban Development Capacity
 - b. The Dwelling Capacity Model
 - c. The Housing Accord and its targets
 - d. The Housing Infrastructure Fund
 - e. Housing affordability
- 6 The last two relate to the setting:
- a. The Queenstown Country Club Special Housing Area (SHA); and
 - b. The Wakatipu Basin Land Use Study
- 7 Consultation undertaken to date is also covered.
- The National Policy Statement on Urban Development Capacity (NPSUDC)*
- 8 The NPSUDC requires the Council to recognise the national significance of:
- a. *Urban environments and the need to enable such environments to develop and change and*

b. *Providing sufficient development capacity to meet the needs of people and communities and future generations in urban environments.*

- 9 The NPS-UDC requires the analysis of “sufficient” development capacity. This should account for the likelihood that not all capacity will be developed and, therefore, requires provision of an additional margin of 20% over and above the projected short and medium-term residential business demand, and 15% over and above the projected long term residential and business demand.
- 10 The sufficient development capacity referred to above “*must be feasible, zoned and serviced with development infrastructure*” in the short term (1-3 years) and medium term (3-10 years):

PA1: Local Authorities shall ensure that at any one time there is sufficient housing and business land development capacity according to the table below:

Short term	Development capacity must be feasible, zoned and serviced with development infrastructure.
Medium term	Development capacity must be feasible, zoned and either: <ul style="list-style-type: none"> serviced with development infrastructure, or the funding for the development infrastructure required to service that development capacity must be identified in a Long Term Plan required under the Local Government Act 2002.
Long-term	Development capacity must be feasible, identified in relevant plans and strategies, and the development infrastructure required to service it must be identified in the relevant Infrastructure Strategy required under the Local Government Act 2002.

- 11 The work undertaken to date to assess what meeting the NPSUDC requirements means for the District indicates that Council will need to provide land for approximately 9158 additional dwellings by 2028 (medium term) and 17,462 by 2048 (long term).

	2028		2048	
	Projected Additional dwellings	Additional dwellings required by NPS 20%	Projected Additional dwellings	Additional dwellings required by NPS 15%
Wakatipu	4623	5548	9,630	11,556
Wanaka	3008	3610	4,922	5,906
District Wide	7631	9158	14,552	17,462

- 12 The dwelling capacity model considers how Council is placed with responding to the requirements of the NPSUDC.

The Dwelling Capacity Model

- 13 Council’s dwelling capacity model is under review as part of the Proposed District Plan, and also to inform the Council’s planning response to the NPSUDC.

Results are still being reviewed and more detailed information will be available shortly.

- 14 Initial findings of the DCM identify that there is adequate and feasible residential capacity within the urban growth boundary for Queenstown to provide for projected growth in the short, medium and long term.
- 15 However, analysis of this data indicates that approximately 56% of this capacity is contained in three ownerships, specifically within the Low Density Residential zone at Kelvin Heights, Jacks Point / Hanley Downs, and the Remarkables Park zone.
- 16 Therefore while an initial review of the DCM would suggest that while Council has zoned enough land, having over half of the supply in three ownerships is problematic because:
 - a. Little residential development has occurred within the Low Density Residential zone at Kelvin Peninsula over the last ten years
 - b. Little *residential* development has occurred at Remarkables Park over the last ten years
 - c. Some residential development is occurring at Jacks Point and residential development is underway at Hanley Downs
- 17 Queenstown therefore does not have a shortage of zoned land but rather an extremely low uptake of the land that is zoned for development. This is constraining the market as indicated by the unavailability of land for housing at the present time.
- 18 Under the NPSUDC, Council is required when making planning decisions to have particular regard to *“limiting as much as possible adverse impacts on the competitive operation of land and development markets”*. Facilitating residential development on the Ladies Mile will help limit the small number of owners slowing releasing the zoned land which is having an adverse impact on the operation of the land and development markets.
- 19 Growth projections show we need to plan for an almost doubling of the number of existing residential units in Queenstown and Wanaka over the next 30 years. A key question arises as to where they will be serviced. Estimated dwelling needs by 2048 are set out in the table below:

	Wakatipu	Wanaka	Total
Current Dwellings (2016)	10,631	6,412	17,043
Projected Additional Dwellings Needed by 2048 (NPSUDC)	9,630 to 11,556	4,922 to 5,906	14,552 To 17,462
% Increase	91%	77%	85%

The Housing Accord and its targets

- 20 In recognition of the high growth and unaffordable housing in the Queenstown Lakes District, the Council and the Government signed the Housing Accord on October 2014. The Housing Accord includes targets for new sections and dwellings that to date, Council has been able to achieve. In response to the high growth the district continues to experience, a new Housing Accord has been discussed between the Council and Minister Nick Smith. A separate agenda item covers proposed revisions to the Housing Accord targets.
- 21 In 2016, 760 new sections and dwellings were consented by QLDC. The revised 'stretch targets' subject to Council consideration are for a significant increase and will require the council to take action to ensure an ongoing supply of land for residential development.

The Housing Infrastructure Fund (HIF)

- 22 Council has submitted an application to the Governments HIF. This is a billion dollar interest free (for ten years) loan facility available to local government to help fund infrastructure associated with enabling residential development. Four Queenstown proposals were put forward in the final application to Central Government, including the Ladies Mile. The criteria for assessing applications to the fund are tightly linked to enabling land for housing development, and therefore intentionally favour greenfield proposals over intensification.
- 23 The Indicative Business Case seeks formal approval to provide infrastructure that will bring forward the supply of developable land within the Queenstown Urban Area. One of the applications was for the three waters and roading infrastructure to supply core services for just over 1,000 medium density residential units within the Ladies Mile development corridor, should the Council decide to amend its Lead Policy or change the current zoning.
- 24 A summary of the four HIF proposals were considered at Full Council on 24 March 2017. Council lodged its application to the HIF on 31 March 2017 and this is currently being assessed by an independent panel. A decision is expected by 30 June 2017.

Housing Affordability

- 25 Housing affordability and an adequate supply of suitable housing are key elements to maintaining a well-functioning, dynamic community with a strong economy. Currently the District's housing market is experiencing issues with the supply, affordability, and suitability of housing.
- 26 Businesses report difficulties attracting and retaining long-term and short-term staff due to a lack of affordable or suitable housing. This issue may become more pronounced if housing supply does not respond adequately to housing demand, especially demand for more compact and affordable housing closer to employment. Unaffordable homes contribute to increased pressures on families, communities, the social housing system, and on Government and Council support.

27 Average house prices in the district have increased by 29.5% over the last year as shown in the table below:

	Average House Price
Queenstown Lakes District February 2017	\$1,039,434
Queenstown Lakes District February 2016	\$802,634
Auckland – February 2017	\$1,043,680
New Zealand average house price	\$631,349

28 In January 2017, average weekly rents in Queenstown were the highest in the country at \$550, up 22.8 percent from \$448 in January 2016 and above average rents in Auckland (at \$518).

29 The median multiple (the ratio of median house prices to median incomes) for Queenstown was the highest in the country in February 2017 at 10.71; above the North Shore (10.04), Auckland Central (9.45), and the wider Auckland metropolitan area (8.84).

30 As a tourist area, the District also has a high proportion of holiday homes and visitor accommodation which adds further pressure to the housing market and residential land supply. The increasing prevalence of existing housing stock used for short-term rental through websites like Airbnb (due to the higher rental returns) further constrains the local rental market.

31 While increasing land supply is only one element to addressing the housing affordability problem the country is facing, it is an element within the control of Council (unlike say, the tax treatment of property) and an important element in Queenstown given that local geography limits the opportunities for urban development.

The Queenstown Country Club

32 When considering the expression of interest (EOI) for the Queenstown Country Club (QCC) retirement village SHA on Ladies Mile, Full Council resolved on 26 May 2016 to:

“4. Recognise the consequences should this development proceed [which is detailed in Paragraphs 90, 98, 99, 105, 106 and 119 of the report] which includes setting a precedent for future development on this portion of Ladies Mile Highway.

5. Instruct Council officers to report back to Council on issues and options to master plan the development of the Ladies Mile area including a potential variation to the Proposed District Plan.”

33 Since the above resolution was made, the Minister did approve the QCC as a SHA and resource consent under the Housing Accords and Special Housing Areas Act (HAASHA) was granted on 4 April 2017.

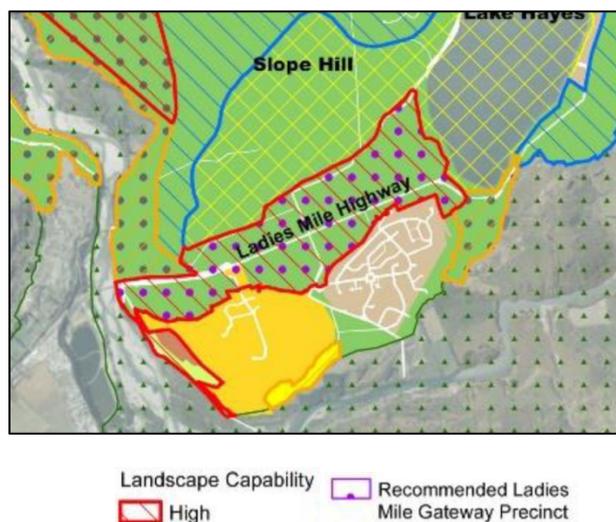
34 This agenda item relates to the required report back on issues and options to master plan the development of the Ladies Mile, as required under resolution (5) above.

The Wakatipu Basin Land Use Study (WBLUS)

35 The report back, requested by the Council in its May 2016 resolution on the Queenstown Country Club decision, was delayed following the release of a Minute on 1 July 2016 from the Chair of the Proposed District Plan Hearings Committee requesting Council consider undertaking a study of the Wakatipu Basin. The WBLUS was required because the Hearings Panel had reached the preliminary conclusion that:

“continuation of the fully discretionary development regime of the Rural General Zone of the ODP, as proposed by the PDP, was unlikely to achieve the Strategic Direction of the PDP in the Wakatipu Basin over the life of the PDP”.

36 Council agreed to undertake the study in a response to the Minute on 8 July 2016. The results of the WBLUS were reported to Full Council on 20 April 2017. The WBLUS concluded that the Ladies Mile does have a high capacity to absorb development relative to the Wakatipu Basin overall, in terms of different areas capacity to absorb further development, primarily because of the approval of the QCC.



37 The WBLUS recommends for the Ladies Mile:

- A Ladies Mile Gateway Precinct (LMGP) which may achieve a density of development at the same level as the PDP's Low or Medium Density Residential zones, is subject to a 75m building setback control (from the highway), and assumes an 'urban parkland' type development character. The LMGP trumps the underlying WBRAZ provisions. A Structure Plan process will be required to address amenity, landscape and infrastructure issues.

38 The WBLUS is not Council policy, and how the recommendations are responded to in terms of planning provisions (including the method for responding e.g. a Variation to the Proposed District Plan) is still being determined. The response will need to align with any decision to add the Ladies Mile into the Lead Policy.

Ladies Mile Proposal

- 39 The Council resolution in paragraph 32 above asked staff to investigate issues and options associated with master planning the development of the Ladies Mile area. For the reasons outlined above, the Council does need to consider how it is going to provide and plan properly for the growth needs of the district, in terms of making sufficient land available to meet that demand in a way that assists to address both the District's housing affordability problems and future residential housing needs overall.
- 40 The following part of the agenda item comments on:
- a. Why the Ladies Mile and not other growth options?
 - b. What style of development is possible on the Ladies Mile?
 - c. What options does Council have to enable urban development on the Ladies Mile?
 - d. The Indicative Ladies Mile Masterplan
 - e. Entrances to Queenstown
 - f. Transport implications
 - g. If the resolution is adopted, what are the next steps?

Why the Ladies Mile and not other growth options?

- 41 Officers have not prepared or commissioned a high level growth options study for Queenstown for the purposes of this agenda item. Similarly, with regard to the Proposed District Plan, a high level growth options study was not provided due to additional greenfield zoning being provided in discrete areas, e.g. adjoining SH6 near Quail Rise. When the PDP was notified in 2015, the zoned capacity being provided for within the proposed urban growth boundaries and the more enabling provisions for infill development within existing zoned areas was considered to be enough supply without large additional greenfield areas.
- 42 As noted above, the sole reliance on existing zoned land to meet Queenstown's housing needs is now considered unlikely to meet the growth needs of Queenstown or meet the NPSUDC requirements which include consideration of how much land is 'sufficient' and how 'feasible' it is that land will be released for housing. The very low uptake of zoned land is also problematic.
- 43 In terms of urban growth, the opportunities for urban growth are largely contained in four geographic areas:
- a. The Ladies Mile adjacent to Lake Hayes Estate, Shotover Country and the QCC
 - b. The valley between the Kawarau River and Jacks Point / Hanley Downs
 - c. Along Malaghans Road from Arthurs Point
 - d. Intensification of existing urban areas (as per PDP)
- 44 With regard to Option (d), providing for intensification in existing urban areas is being addressed through the Proposed District Plan process. While this will likely

provide additional housing units, experience shows that the delivery of additional units can be limited due to a range of economic and existing land use reasons.

- 45 With regard to Options (a) – (c), officer's consider the Ladies Mile is best placed to accommodate urban development given it is directly adjacent to existing urban development in the form of Lake Hayes Estate, Shotover Country and the QCC. The Ladies Mile is also physically close to the major employment area of the Frankton Flats and its industrial zones.
- 46 The area can also be serviced with infrastructure more readily, due to the proximity of the Council's wastewater treatment plant and bore field, and the existing reticulated networks in Lake Hayes Estate / Shotover Country. Generally speaking there are few natural hazards other than known alluvial fans which can be managed.
- 47 The land along Malaghans Road still has strong rural character and little development, and the WBLUS identified it as having a low capacity to absorb development.
- 48 The land between the Kawarau River and Jacks Point / Hanley Downs is also being considered, however it is less readily serviced from an infrastructure perspective and would therefore take longer to be enabled.
- 49 Council is required under the NPSUDC to prepare a 'Future Development Strategy' by 31 December 2018. This will better articulate where future development should occur. However the 'Future Development Strategy' will inevitably be influenced by the Proposed District Plan rezoning requests, and associated appeals, and while it is an option to wait for those processes to work through, they do not prevent a decision being made on the Ladies Mile now to facilitate land for housing. It is anticipated that over the next 10-20 years, some or all of the options identified above will need to be considered in order to provide the additional land capacity.

What Style of Development is Possible on the Ladies Mile?

- 50 With regard to resolution 5 from 26 May 2016 (paragraph 32 above), should the Council seek to enable further development on the Ladies Mile, a range of development options are available as set out in Table 1 below:

Table 1: What Sort of Urban Development is possible on the Ladies Mile?

	Approximate Yield for whole Ladies Mile Study Area* (136 ha)	Examples of similar development	General Comment
Rural Residential (1 per 4000m²)	340 residential units	North of Lake Hayes	Entirely car orientated, very low density, but maintains a sense of being less urban / green / open
Rural Lifestyle (Minimum of 1 per 1 hectare, average of 2ha)	68 residential units	Dalefield	Entirely car orientated, very low density, but maintains a sense of being less urban / green / open

	Approximate Yield for whole Ladies Mile Study Area* (136 ha)	Examples of similar development	General Comment
Low Density (assume 1 per 700m²)*	1165 residential units*	Lake Hayes Estate	Not well suited to passenger transport. Car orientated
Medium Density (assume 1 per 250m²)*	3264 residential units*	Bridesdale	Better suited to passenger transport, walkable urban style development.
High Density (assume 1 per 150m²)*	5440 residential units*	Around the Queenstown Town Centre (apartment style 3 storey)	Well suited to passenger transport and walkability. Multi storey means more expensive to build and potentially harder to sell.
Mix of Low, Medium and High (as above)*	2224 – 2874 (as per Indicative Master Plan yield analysis)	e.g. Indicative Ladies Mile Master Plan	Mixes all of the above with higher densities centrally located around a retail core. Well suited to passenger transport and walkability.

*using a formula of subtracting 40% for roads, reserves and the 75m SH setback for LDR, MDR, HDR & Mix.

- 51 When considering the above table, it is important to consider Queenstown has limited growth corridors and relatively scarce areas of land suitable for urban development that are flat, accessible and not within an Outstanding Natural Landscape. Officers consider that using the land for Rural Residential or Rural Lifestyle would not be an efficient use of the land when looking over a 20 to 30 year time frame and the history of Queenstown's growth.
- 52 Similarly, Queenstown is already well supplied by Lake Hayes Estate and Shotover Country with low density residential development, i.e. one large house per section. This type of development is popular but expensive, and does not work well for public transport, a key consideration given the limited transport corridors available. The Ladies Mile could quickly be covered in large dwellings on large sections, which are not at the more affordable end of the housing spectrum.
- 53 Given the scarcity of land suited for urban development, it is recommended that a mixture of high, medium and low density development is provided for, as shown in the bottom row of Table 1.

What options does Council have to enable urban development on the Ladies Mile?

- 54 There are also a variety of high level options that Council has to enable development on the Ladies Mile. These options include:

Table 2: High Level Options available to Council to enable development on the Ladies Mile

	Option 1 – Add to Category 2 of SHA Lead Policy and require development to be in accordance with an Indicative Master Plan	Option 2 – Variation to the PDP for just Ladies Mile, separate to WBLUS Response	Option 3 – Variation to PDP as part of full WBLUS Response	Option 4 – Do nothing and await decisions on submissions on the Proposed District Plan as notified (i.e. Rural zoning)
Estimated timeframes for paperwork	<p>6-12 months minimum</p> <ul style="list-style-type: none"> - 3 – 6 months to receive an EOI, report to Council, make recommendation to Minister and for gazettal as a SHA. - Resource consents then lodged. 	<p>12 - 15 months plus appeals</p> <ul style="list-style-type: none"> - Prepare variation & s.32 cost benefit analysis, notify for submissions and further submission, go through RMA hearings and appeals process. - Decisions on submissions including possible Wakatipu Basin variation due 3rd quarter 2018 then appeals (refer separate agenda item) - Resource consents then lodged. 	<p>12 - 15 months plus appeals</p> <ul style="list-style-type: none"> - Prepare variation & s.32 cost benefit analysis, notify for submissions and further submission, go through RMA hearings and appeals process. - Decisions on submissions including possible Wakatipu Basin variation due 3rd quarter 2018 then appeals (refer separate agenda item) - Resource consents then lodged. 	<p>12 - 15 months plus appeals</p> <p>Resource consents then lodged.</p>
Estimated minimum timeframes for occupation of first houses	1.5 – 2 years	3 years but depends on number of appeals	3 years but depends on number of appeals	3 years but depends on number of appeals
Pro's	<ul style="list-style-type: none"> - Fastest option - Developers can be required to meet master plan and infrastructural obligations or no recommendation to the Minister - Limited appeals / litigation - Council seen as proactive - Can require a 10% contribution to QLCHT 	<ul style="list-style-type: none"> - Greater public input - Could be based around a structure plan setting out development bones - Separates Ladies Mile from other WBLUS issues 	<ul style="list-style-type: none"> - Greater public input - Could be based around a structure plan setting out development bones - Enables comprehensive look at entire Wakatipu Basin including Ladies Mile 	<ul style="list-style-type: none"> - Full public input through submission, further submissions and a hearing - Sticks to the Proposed District Plan as notified - Would retain generally open character of the Ladies Mile
Con's	<ul style="list-style-type: none"> - Limited public input - Council may have to help fund some 	<ul style="list-style-type: none"> - Slow - Subject to appeals / litigation (and submissions 	<ul style="list-style-type: none"> - Slow - Subject to appeals / litigation (and submissions 	<ul style="list-style-type: none"> - Does not provide land for housing - Could

	<p>infrastructure to ensure services put in are adequate for whole Ladies Mile not just the individual developers EOI</p>	<p>extending scope) - Would allow landowners to drive their own development agenda through submissions e.g. Rural Residential is easy to do but not necessarily what the district needs - Contribution to QLCHT required on a voluntary basis only</p>	<p>extending scope) - Would allow landowners to drive their own development agenda through submissions e.g. Rural Residential is easy to do but not necessarily what the district needs - Would get bogged down in wider WBLUS appeals - Contribution to QLCHT required on a voluntary basis only</p>	<p>jeopardise future use of the land for urban development through construction of expensive rural residential style homes</p>
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55 This report recommends that subject to consideration of public feedback, Council use the Lead Policy to enable expressions of interest for development on the Ladies Mile under the HASHAA (Option 1) because it will result in the right type of houses being built sooner. If the Lead Policy is amended, expressions of interest would be considered by Council and a recommendation made to the Minister to create a special housing area. Resource consents could then be lodged under the HASHAA and processed either non-notified or with notice to adjoining properties only.

56 The Government deliberately established the HASHAA to fast track housing and it is not subject to the same appeal rights afforded under the Resource Management Act (RMA). Officers consider the HASHAA is also more effective at requiring developers to build the appropriate infrastructure and in terms of making a contribution to the Queenstown Lakes Community Housing Trust (QLCHT).

57 The amended Lead Policy in **Attachment A** proposes requiring a 10% contribution of the developed value contribution to the QLCHT. A higher contribution is proposed in recognition of the benefits of the SHA process to developers in that they could go from lodging an expression of interest to obtaining resource consent within 12 months, as occurred with the Queenstown Country Club, whereas the Variation or rezoning process takes many years, is likely to involve expensive litigation and has a less certain outcome.

58 While the RMA processes involve more public input, the timeframes associated with submissions, further submissions, a hearing and then appeals means the provision of more housing can be delayed for many years.

The Ladies Mile Indicative Master Plan

59 It is recommended that expressions of interest for SHAs broadly align with the Indicative Master Plan, is appended as part of **Attachment A**. A design statement is also included which sets out the rationale for the design of the Indicative Master Plan. It is based on a grid layout to achieve an efficient use of this piece of land, and is based around the key principles of variation in built form

and dwelling type, flexibility of use, connectivity, and legibility. These principles in turn encourage the use of public transport, walking and cycling.

- 60 The Indicative Master Plan covers an area of 136ha and if fully utilised would enable a yield of 2224-2874 residential units. The maximum yield is highly unlikely to be achieved, as not all landowners will want to or be able to develop, and the HASHAA legislation is due to expire in less than three years.
- 61 The Indicative Master plan provides four different density types from low through to high density. While templates for each density type have been provided to give Councillors and landowners an indication of the type of development that would result, the Indicative Master Plan specifies densities to be achieved and how that is actioned is up to individual developers. i.e. a developer can come up with their own design to achieve medium density, which will be subject to review.
- 62 In addition to the Indicative Master Plan, a series of broad objectives have been developed that would guide future development of the area. These have been included as an Annex within the updated Lead Policy appended as **Attachment A**).

Entrances to Queenstown

- 63 The Ladies Mile is considered by many in the community to be the entrance to Queenstown. Others view the Amisfield Winery area to be the entrance to Queenstown, as this is the location of the first obvious residential development and views of the mountains surrounding Lake Wakatipu. Council's 2007 Growth Management Strategy indicated that the Shotover River was the edge of Queenstown, however since that document was prepared, Shotover Country and the QCC have been approved.
- 64 The Indicative Master Plan seeks to provide an attractive, landscaped entrance along the Ladies Mile, with a consistent theme regardless of who the developer is. The Indicative Landscape Strategy document is included within the amended Lead Policy in **Attachment A**.
- 65 Under this proposal, EOIs for SHA development would need to be consistent with the Indicative Landscape Strategy before Council would recommend them to the Minister, and this should ensure a consistently high level of amenity along the Ladies Mile. The Indicative Landscape Strategy does not seek to hide away urban development but rather have well designed urban environments that are softened by pleasant amenity plantings.

Transport Implications

- 66 Modelling of the transport implications was undertaken by Abley Consultants Ltd as part of the indicative business case for the Housing Infrastructure Fund application.
- 67 A specific assessment of the impacts from the Indicative Master Plan on the capacity of the Shotover Bridge has also been undertaken, as the Shotover Bridge has been identified as a key capacity constraint. The capacity of the existing bridge has been calculated as having a peak hour capacity of 1590 vehicles per lane.

- 68 Based on *current* QLDC growth forecasts published in 2016, the bridge will reach capacity when operating during the evening peak in 2035, which will extend out to 2044 if 10% of vehicle drivers shift to public transport or other alternative modes.
- 69 Additional residential development on the Ladies Mile brings forward the time at which the bridge reaches capacity. If an additional 1000 medium density dwellings were developed by 2025 the bridge will reach capacity at 2025 (or 2032 if a 10% shift to alternative modes is achieved).
- 70 A further scenario was assessed with 2000 medium density households developed by 2025 and it was concluded that the bridge would reach capacity well before the additional development was completed, irrespective of any additional uptake of alternative modes.
- 71 The New Zealand Transport Agency (NZTA) was involved at the very initial stages when the concept of medium density residential over the whole area was first proposed. The Indicative Master Plan is still broadly based on a medium density concept. The NZTA has only recently been provided with the results of the modelling, and at the time of the agenda cut-off, were still considering the implications.
- 72 Under either scenario, it is clear enabling further residential development on the Ladies Mile will bring forward the date at which the Shotover Bridge reaches its capacity.

If the Amendments to the Lead Policy are Adopted, what are the Next Steps?

- 73 If the Ladies Mile is added into Category 2 of the Council's Lead Policy, the following steps would occur:
- i. Expressions of interest (EOIs) are submitted*
 - ii. Report to Full Council (no further public feedback sought if consistent with the Indicative Master Plan)*
 - iii. Should the EOI be accepted in principle, negotiate an appropriate Stakeholder Deed*
 - iv. Once the development agreement is agreed and signed, the special housing area will be recommended to the Minister.*
 - v. Minister makes decision whether to approve as a SHA*
 - vi. Subdivision and resource consents lodged and processed under HAASHA framework.*

Options

- 74 High level options for the Ladies Mile are set above. 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.
- 75 Option 1 – Enable development on the Ladies Mile through an amendment to the Lead Policy in a comprehensive manner in general accordance with an Indicative Master Plan

Advantages:

- 76 Is most likely to deliver housing quickly in a comprehensive and integrated manner
- 77 Enables Council to set the development agenda and require developers to align with an Indicative Master Plan.
- 78 Developers can be required to meet the Indicative Master Plan and infrastructural obligations or no recommendation to the Minister
- 79 Limited appeals / litigation
- 80 Council seen as proactive rather than reactive to development pressure
- 81 Can require a 10% contribution to QLCHT

Disadvantages:

- 82 Likely to be seen by many as an unacceptable development in an area seen as an important gateway
- 83 Public input at the resource consent stage is limited to adjoining properties
- 84 No appeal rights from the resource consent decision
- 85 Council may have to help fund some infrastructure to ensure services put in are adequate for whole Ladies Mile not just the individual developers EOI
- 86 Timing and sequencing of development could be challenging from an infrastructure perspective

87 Option 2 – Undertake a variation to the proposed district plan for the Ladies Mile separate from the results of the WBLUS

Advantages:

- 88 Greater public input
- 89 Could still be based around a Structure Plan for the 'Ladies Mile Gateway Precinct' setting out development bones
- 90 Separates Ladies Mile from other WBLUS issues

Disadvantages:

- 91 Slow as subject to appeals / litigation
- 92 Would allow landowners to drive their own development agenda through submissions e.g. Rural Residential is easy to do but not necessarily what the district needs
- 93 Contribution to QLCHT required on a voluntary basis only rather than mandated

94 Option 3 – Undertake a variation to the proposed district plan for the Ladies Mile as part of the response to the WBLUS

Advantages:

- 95 Greater public input

- 96 Could still be based around a Structure Plan for the 'Ladies Mile Gateway Precinct' setting out development bones
- 97 Enables comprehensive look at entire Wakatipu Basin, including Ladies Mile

Disadvantages:

- 98 Slow as subject to appeals / litigation
 - 99 Would allow landowners to drive their own development agenda through submissions e.g. Rural Residential is easy to do but not necessarily what the district needs
 - 100 Would get bogged down in WBLUS appeals
 - 101 Contribution to QLCHT required on a voluntary basis only
- 102 Option 4 – Treat the Ladies Mile separately to the Wakatipu Basin and do nothing and wait till 'decisions on submissions' are issued on the Proposed District Plan as notified (Rural Zoning)

Advantages:

- 103 Would retain generally open character of the Ladies Mile
- 104 Least cost / effort.
- 105 Sticks to the approach as set out in the notified Proposed District Plan.
- 106 Full public input through submission, further submissions and a hearing

Disadvantages:

- 107 Land may be rezoned to Rural Lifestyle (1 dwelling per 1-2 hectares) rather than a more efficient use that creates land for Queenstown's long term growth in an integrated manner.
 - 108 A Rural Lifestyle Zoning would result in large lots with large expensive houses that would be more difficult to enable urban development on at a later date.
 - 109 Relies on land already zoned coming on stream to address demand, whereas experience is that despite having a sizeable amount of zoned land, it is not being developed.
 - 110 May not result in a comprehensive development of the area that best provides for Queenstown's growth.
 - 111 Potential for piecemeal development without any connections between neighbourhoods.
 - 112 Environment Court will set direction for the Ladies Mile rather than QLDC.
- 113 This report recommends **Option 1** for addressing the matter because it will:
- a. Make the best use of the scarce land available for long term urban development in proximity to Queenstown's existing urban residential and employment areas.

- b. Makes use of the tools the Government has put in place to address housing affordability.
- c. Provides a structured approach that enables development to be comprehensively guided in accordance with an Indicative Master Plan, rather than a series of individual developer led projects.
- d. Provides a large area of land for residential development, to address the pressing need for more land for urban development to help combat the housing affordability challenges.

Public Feedback Proposal

114 In the past Council, has not sought feedback on changes to the Lead Policy. However given the strong degree of public interest in the area, the following programme to seek feedback is proposed:

- a. Prepare discussion document summarising the issues in this agenda item
- b. Prepare media advisory / Council website and Facebook page
- c. Seek public feedback on Ladies Mile proposal
- d. Following public feedback, consider proposed amendments to Lead Policy on or before the Full Council meeting of 17 August.

Significance and Engagement

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

- a. Importance: The Ladies Mile area could provide a large amount of new land supply for much needed residential housing. The area is considered by many to be the entrance to Queenstown and has high amenity values.
- b. Interest: For the reasons above the matter is of high interest to the community as evidenced by the feedback received and media publicity.
- c. Existing Policy and Strategy: The proposal is not consistent with the Operative and Proposed District Plans, or the 2007 Growth Management Strategy. The Lead Policy does anticipate areas being added into Category 2 and by definition, special housing areas tend to be contrary to district plans, otherwise resource consent would be sought like normal.
- d. Capability and Capacity: There is a significant impact on the Council's intended level of service provision as the Ladies Mile area is not currently in the Long Term Plan as an area where infrastructure development is intended. While the developer would provide the required infrastructure for their particular area, Council's role is to ensure the capacity is adequate to service the whole Ladies Mile area in a comprehensive fashion.

Risk

- 116 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.
- 117 This matter relates to this risk because the supply of housing is central to the current and future development needs of the community.

Financial Implications

- 118 Under the HASHAA, developers are required to provide the necessary infrastructure to service their developments. Council negotiates Stakeholder Deeds to ensure the necessary infrastructure is provided. The addition of the Ladies Mile area into the Lead Policy will likely lead to requests from Council to finance the additional infrastructural capacity required to service the wider 'Ladies Mile Study Area', beyond the demand generated by the individual expression of interest. This will have budgetary implications for Council.
- 119 Currently there is no budget for capital works on the Ladies Mile. The work is not included in the Long Term Plan. However as noted above, the Council has applied to the Governments HIF for formal approval to invest in infrastructure that will bring forward the supply of developable land for housing. The HIF is an interest free loan for ten years. The decision is expected by the end of June 2017. Should the application be successful, the HIF monies could fund the required capital works and be recouped through development contributions.
- 120 A parallel amendment to the development contributions policy would also be required to recoup the money as development occurs over the whole area over the next 10 – 20 years.
- 121 Should the HIF application not be successful, further work would be required with developers to better understand the component of their infrastructure investment that is required for their individual expression of interest and what is required to service the wider area. At that point budgets could be re-assessed to prioritise infrastructure spending where new housing is being developed, rather than in areas that are zoned but where little residential development is occurring.

Council Policies, Strategies and Bylaws

- 122 The following Council policies, strategies and bylaws were considered:
- a. The Operative District Plan
 - b. The Proposed District Plan
 - c. Growth Management Strategy 2007
 - d. Long Term Plan
 - e. Lead Policy for SHAs
- 123 The recommended option is not consistent with the first four named policies, but is consistent with the Lead Policy which envisages areas being added into Category 2.

124 This matter is not included in the 10-Year Plan/Annual Plan

Local Government Act 2002 Purpose Provisions

125 This item relates to an amendment to the Council's Lead Policy for Special Housing Areas. The proposed resolution accords with Section 10 of the Local Government Act 2002, in that it fulfils the need for good-quality performance of regulatory functions.

126 The recommended option:

- Will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses by utilising the HASHAA to enable residential development on the Ladies Mile;
- Cannot currently be implemented through current funding under the 10-Year Plan and Annual Plan, but can be implemented should the Council's application to the Housing Infrastructure Fund be successful;
- Is not consistent with the Council's plans and policies; and
- Would alter significantly the intended level of infrastructural service provision undertaken by or on behalf of the Council.

Consultation: Landowner views

127 No consultation with the general public has been undertaken. In the past, the Council has not consulted the public when amending its Lead Policy. When it was last amended in October 2016 there was no public consultation. However given the high level of interest in the Ladies Mile area, the resolution sought is to seek public feedback on this change to the Lead Policy before making a decision on adoption.

128 A meeting was held with landowners on the northern side of Ladies Mile on 22 May 2017, and the southern side on 29 May 2017. Not all landowners were able to attend but a high proportion did attend or sent a representative. Written communications were also undertaken with some parties unable to attend the meeting. Written feedback was received from those meetings and resulted in a number of amendments to the Indicative Master Plan.

129 There was a range of views expressed by the landowners from complete opposition to full support. There was broad support for the concept of a comprehensive and integrated approach to the long term development of the area by the landowners, if the area is to be developed.

Legal Considerations and Statutory Responsibilities

130 The Council's Lead Policy relates to the application of HASHAA in the Queenstown Lakes District. The purpose of 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.

- 131 HASHAA provides limited guidance as to the role of a Lead Policy, or 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 on Ayrburn Farm. 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.
- 132 The Council will need to consider the consistency of any decision to amend the Lead Policy and its decision in July 2015 to notify the PDP, which maintains the sites as Rural zoning. However since the PDP was notified, the Government has issued the NPSUDC has been issued, which requires greater assessment of the feasibility of zoned land coming on stream. This has been a fundamental change, particularly with regard to consideration of whether it is feasible the zoned capacity we have in certain areas will be released for development.

Attachments

- A. Proposed amendments to the Council's Lead Policy including Annexure D
- B. Indicative Master Plan