

QLDC Council
25 May 2017

Report for Agenda Item: 1

Department: Planning & Development

Special Housing Area: Business Mixed Use Zone (Gorge Road)

Purpose

The purpose of this report is to recommend the Council initiated proposal for a Special Housing Area (**SHA**) over multiple privately and publicly owned properties within the Business Mixed Use Zone (Gorge Road) of the Proposed District Plan (**PDP**), 133 Hallenstein Street and Warren Park for consideration for recommendation to the Minister of Building and Construction (**the Minister**) as a SHA. This proposed SHA will re-establish and extend the existing Business Mixed Use Zone (Gorge Road) SHA (**BMU SHA**), which is due to expire on the 23 June 2017.

Recommendation

That Council:

1. **Note** the contents of this report, including the amended extent of the SHA (to also include Warren Park and 133 Hallenstein Street), including measures implemented to address the resolutions of the 20 April 2017;
2. **Confirm** that the Council agrees in principle with the contents of the (Draft) SHA Deed and **delegate** to the General Manager, Planning and Development the authority to execute the Deed on behalf of the Council, subject to any minor changes consistent with Council's Lead Policy;
3. **Recommend** the SHA for the BMU Zone (including 133 Hallenstein Street and Warren Park) to the Minister, subject to the following criteria for qualifying developments:
 - Execution of the Draft Deed and the performance of any conditions contained in it for the development of 133 Hallenstein Street only;
 - Minimum of three for the number of dwellings to be built;
 - 'Gorge Road A' (Lot 1 DP 19293, Pt Lot 48 DP 8591 and Lot 2 DP 19293 (Warren Park)) building height limit of 15 metres and a maximum of four storeys;
 - 'Gorge Road B' (all other sites) height limit of 20 metres and a maximum of six storeys; noting that this proposed height limit is 5m

higher than the height anticipated under the Proposed District Plan for Lot 3 DP 12188 (133 Hallenstein Street); and

- At least 30% of dwellings shall comprise of studio, 1 or 2 bedroom apartments.
- 4. **Note** that Council's intent in proposing that the BMU zone become an SHA is expressly to encourage the building of affordable residential accommodation;
- 5. **Note** Council's intent that its SHA lead policy would be applied to any SHA development within this zone; and
- 6. **Note** Council's intent that developments over 12 m in height would be forwarded to the Urban Design Panel for review, to ensure positive streetscape and living environment.

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12/05/2017

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12/05/2017

Background

1 At its 20 April 2017, the Council resolved:

1. **Note** the contents of this report, including the amended extent of the SHA (to also include Warren Park and 133 Hallenstein Street) and the proposed disestablishment date for the new SHA being 16 September 2019;
2. **Resolve** to seek public feedback on the proposed re-establishment and extension of the BMU SHA subject to the following criteria for qualifying developments:
 - Minimum of three for the number of dwellings to be built;
 - 'Gorge Road A' (Lot 1 DP 19293, Pt Lot 48 DP 8591 and Lot 2 DP 19293 (Warren Park)) building height limit of 15 metres and a maximum of four storeys;
 - 'Gorge Road B' (all other sites) height limit of 20 metres and a maximum of six storeys; noting that this proposed height limit is 5m higher than the height anticipated under

the Proposed District Plan for Lot 3 DP 12188 (133 Hallenstein Street); and

- *At least 30% of dwellings shall comprise of studio, 1 or 2 bedroom apartments.*

3. **Instruct** Council officers to report back to the Council meeting on 25 May 2017 on any measures necessary for Councillors to, with confidence, recommend the proposal as an SHA to the Minister of Building and Construction. This may include the negotiation of a Stakeholder Deed to secure compliance with a recession plane and a contribution to the Queenstown Lakes Community Housing Trust;

4. **Note** that Council's intent in extending the timeframe for the SHA for the BMU zone is expressly to encourage the building of affordable residential accommodation;

5. **Note** Council's intent that its SHA lead policy would be applied to any SHA development within this zone, and

6. **Note** Council's intent that developments over 12m in height would be forwarded to the Urban Design Panel for review, to ensure positive streetscape and living environment; and

7. **Instruct** Council officer to report back to Council on issues and options relating to traffic and car parking within the BMU SHA.

- 2 This report to Council sets out how those matters have been addressed since the meeting for the BMU Zone SHA proposal.
- 3 This report does not repeat the initial assessment relating to the proposal. But the Council may wish to remind itself of the advantages and disadvantages of the proposal when considering whether or not to recommend it to the Minister.
- 4 Council has also been in discussions with multiple developers within the BMU SHA on other sites and consider there to be real merit in re-establishing the new SHA.
- 5 It is proposed to extend the BMU SHA to include Warren Park and 133 Hallenstein Street. Warren Park is located in the High Density Zone of the Operative District Plan and is being considered as part of Stage 2 of the PDP review. It is surrounded by sites on its northern, eastern and southern boundaries that are proposed to be zoned BMU in the PDP. As a result, it makes sense for it to be included within the proposed SHA. It is noted that Warren Park is currently vested as reserve and there a no current plans for its use other than as a park.
- 6 The proposed extended BMU SHA (to include Warren Park and 133 Hallenstein Street) is highlighted in Figure One below:



Figure One: Extent of the proposed new BMU SHA

- 7 133 Hallenstein Street is located within the High Density Residential Zone (**HDR**) of the PDP. Council has entered into pre-application discussions with the landowner of 133 Hallenstein Street, whose sites are located within the BMU and HDR zones (133 – 139 Hallenstein Street). The extension of the BMU SHA will allow these sites to be developed comprehensively and their development potential for residential accommodation maximised. As a result, it is considered appropriate to include 133 Hallenstein Street within the extended version of the BMU SHA.
- 8 It is noted that if Council choose not to extend the BMU SHA then 133 Hallenstein Street would fall within Category 1 of the Lead Policy. The only difference is that the landowner/developer would need to make an individual application of an 'expression of interest' to the Council, which would then if accepted, be forwarded to the Minister for approval.

Assessment process and resolutions of 20 April 2017

- 9 On 20 April 2017 the Council resolved to obtain feedback on the re-establishment and extension of the proposed SHA and draft a Deed with the owner of 133 Hallenstein Street to secure a recession plane restriction and 5% contribution to the Queenstown Community Housing Trust (**the Trust**) on the portion of the site that is located outside the BMU Zone of the PDP. Measures taken to address the resolution are detailed further below.

Consultation: Community Views and Preferences

- 10 Public feedback on the proposal is due by 22 May 2017 and will be provided to Councillors prior to the meeting, to help inform Council's decision making.

Three Waters Review

- 11 Holmes Consulting Group undertook a high level Three Waters Assessment for the original BMU SHA. This reported has been updated and has confirmed that there is adequate infrastructure to service the proposed SHA that either exists or is likely to exist (i.e forecast to be upgraded as part of the Long Term Plan), having regard to relevant planning documents and strategies. The updated report is contained in **Attachment A**.

Draft Deed of Agreement 133 Hallenstein Street

- 12 The Draft Deed (**Attachment B - Public excluded**) has been developed for consideration by Council to outline conditions on which this Proposal could be recommended to the Minister that is specific to 133 Hallenstein Street only. The Draft Deed addresses compliance with the height recession plane and a contribution to the Trust for the development that is taking place outside of the proposed BMU zone only.
- 13 The Draft Deed is likely to be agreed in principle by the developer. An update will be provided at the Council meeting. The Draft Deed is structured such that it would be executed prior to recommendation of the SHA to the Minister.
- 14 If the Council is satisfied with the terms of the Draft Deed, the Council is requested to delegate to the General Manager, Planning and Development the authority to execute the Draft Deed on behalf of the Council, subject to any further minor changes necessary to give effect to the Draft Deed that are consistent with Council's Lead Policy.

Conclusion

- 15 In recommending the SHA to the Minister the Council has to be satisfied that the proposal is generally consistent with the principles espoused in the Lead Policy. The proposal will target a specific housing need (apartments/worker accommodation) and it will provide a much needed housing choice and type to the market. The proposed SHA is within walking distance of the town centre and is located on existing transport routes. It has been confirmed that

there is adequate infrastructure that exists or is likely to exist to service the SHA.

- 16 Compared to other SHAs proposed by landowners where the Council can secure a commitment to affordable housing by Stakeholder Deed, in this instance that approach is not feasible due to the significant number of landowners rather than one site where the commitment can be locked in. However, the benefit to the community in regards to encouraging multi-level developments that are aimed at worker accommodation is considered to be significant.
- 17 However, the Council has approached the owner of 133 Hallenstein Street to make a contribution of 5% to the Trust for the development of the HDR Zoned site only. This is important to ensure that Council maintains a consistent process with developers/landowners when considering potential SHAs outside the proposed BMU zone.

Options

- 18 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.

Option 1: Recommend extended BMU Zone SHA to the Minister, subject to agreeing with the terms of the Draft Deed

Advantages:

- 19 Helps contribute to achieving the purpose of the 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 enabling new housing aimed at workers accommodation.
- 20 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 the long term benefits relating to the provision of workers accommodation;
- 21 Provides the platform for the delivery of studio, 1 or 2 bedroom apartments to the housing market, noting that this type of development is currently in high demand, particularly for much needed worker accommodation.
- 22 Positive outcome for the Trust and ensures the residential amenities of the neighbours of 133 Hallenstein Street are protected.

Disadvantages:

- 23 Council is unable to enter into Deeds with individual landowners of the area of land proposed to be zoned BMU in the PDP due to the large number of properties covered. Council misses an opportunity to obtain contributions to Trust for the sites that are proposed to be zoned BMU.

- 24 There is some risk the extension of timeframe of the BMU SHA will enable development that does not align with the eventual shape of the PDP BMU or HDR zone rules, as the PDP is in the early stages of the plan change process and could change substantially following local hearings and the Environment Court Appeals.

Option 2 – Not agree with the terms of the Draft Deed and recommend current extent of the BMU SHA and Warren Park only to the Minister

Advantages:

- 25 Given the Council's support in principle for the re-establishment and extension of the BMU zone SHA, there are no significant advantages in not entering the draft Deed.
- 26 Consistent with the provisions of the BMU zone of the notified PDP and Council's approach towards the original BMU SHA;
- 27 Helps contribute to achieving the purpose of the 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 enabling new housing aimed at workers accommodation;
- 28 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 the long term benefits relating to the provision of workers accommodation;
- 29 Provides the platform for the delivery of studio, 1 or 2 bedroom apartments to the housing market, noting that this type of development is currently in high demand, particularly for much needed worker accommodation.
- 30 Would require an expression of interest, and stakeholder deed with the developer of a potential SHA outside of the existing boundaries, which would contribute 5% by value or area to the Trust.

Disadvantages:

- 31 Council is unable to enter into Deeds with individual landowners due to the large number of properties covered.
- 32 Would temporarily forgo the opportunity of the comprehensive development of 133 Hallenstein Street with adjoining properties.
- 33 Would forgo a financial contribution to the Trust for the development of 133 Hallenstein Street.
- 34 There is some risk the extension of timeframe of the BMU SHA will enable development that does not align with the eventual shape of the PDP BMU zone rules, as the PDP is in the early stages of the plan

change process and could change substantially following local hearings and the Environment Court Appeals.

Option 3 – Retain the status quo (BMU SHA disestablished on the 23 June 2017)

Advantages:

- 35 Avoids further time and resources required to establish new SHA.
- 36 Proposals can still be applied for subject to the normal resource consent process, subject to the Operative District Plan provisions and the usual statutory notification provisions, hearing process and potentially Environment Court appeals.
- 37 Does not pre-empt the conclusion of the PDP process by enabling development ahead of its conclusion.
- 38 Development within the proposed BMU and HDR zones of the PDP would fall within Category 1 of the Lead Policy. Category 1 sites are those considered suitable for establishment of SHAs. These would require an expression of interest, and stakeholder deed with the developer of a potential SHAs, which would contribute 5% by value or area to the Trust.

Disadvantages:

- 39 Time and resourcing processing individual EOIs for the BMU zone.
- 40 May result in a lengthy assessment process if proposals were to proceed under the usual statutory process of the PDP process and the RMA.
- 41 Risk that the District's acute housing supply and affordability issues will continue to grow, with resulting social and economic impacts.
- 42 Would forgo the short and long term social and economic benefits offered by the proposal.
- 43 This report recommends **Option 1** subject to entering into a draft Deed with the owner of 133 Hallenstein Street volunteers a 5% contribution to the Trust (value or area) for the portion of the site located in the HDR Zone.

Significance and Engagement

- 44 This matter is of high significance, as determined by reference to the Council's Significance and Engagement Policy because:
 - 45 Importance: the matter is of high importance to the District
 - 46 Community interest: the matter is of considerable interest to the community

47 Existing policy and strategy: The proposal is considered to be consistent with the Accord and the Lead Policy, in addition to the Strategic Direction of the District Plan.

Risk

48 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.

49 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.

50 In this instance it is considered the social and economic benefits towards the provision of housing for the community are met. The subsequent resource consent assessment process under the HASHAA also provides the opportunity for further mitigation risk.

Financial Implications

51 There are no direct financial implications resulting from the decision. In terms of impact on infrastructure, development contributions will be charged as developments progress. Unlike some greenfield development scenarios, existing infrastructure is available.

Council Policies, Strategies and Bylaws

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

- Lead Policy, which provides guidance for Council's assessment of SHAs.
- The Queenstown-Lakes District Housing Accord.
- 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.
- 10 Year Plan 2015-2025.

53 The recommended option is consistent with the principles set out in the named policy/policies.

54 This matter is included in the 10-Year Plan/Annual Plan to the extent that it affects strategic regulatory functions and services, and will potentially lead to financial implications for the provision of core infrastructure and services.

Local Government Act 2002 Purpose Provisions

55 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 ensuring that the best possible outcomes are achieved through out the HASHAA process;
- Can be implemented through current funding under the 10-Year Plan and Annual Plan;
- Is consistent with the Council's plans and policies; and
- Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or transfer the ownership or control of a strategic asset to or from the Council.

Consultation: Community Views and Preferences

56 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.

57 The persons who are 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 notable lack of worker accommodation options in the Wakatipu Basin.

58 Public comments were sought and feedback will be provided to Councillors prior to the 25 May 2017 Council meeting.

Legal Considerations and Statutory Responsibilities

59 HASHAA is the relevant statute with its purpose detailed in paragraph 2 of this report.

60 The Proposal would help achieve the purpose of HASHAA. On balance, the recommendation is that the Council recommend the establishment of the BMU SHA (in its amended form) to the Minister.

Attachments

- A Updated Three Waters Assessment (Holmes Consulting Ltd)
- B **Public Excluded** – Draft Deed