

**QLDC Council  
18 April 2019**

**Report for Agenda Item: 1**

**Department: Planning & Development**

**Ladies Mile Special Housing Areas Cumulative Effects**

**Purpose**

- 1 The purpose of this report is to present information on the three combined Ladies Mile Special Housing Areas, on a comprehensive basis to assist with the decisions on whether to recommend these Special Housing Areas to the Minister for Housing and Urban Development (**the Minister**) as a Special Housing Area (**SHA**), and to identify five broad options for managing development on the Ladies Mile.

**Summary**

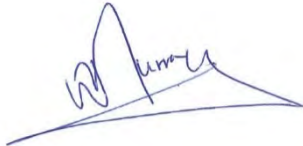
- 2 This report to Council assesses the Expressions of Interest (EOIs) and the cumulative effects of the three SHA proposals that are currently before Council. The three EOIs are within the Indicative Master Plan area in the Lead policy, and would result in approximately 579 residential units plus a mixed use retail and commercial precinct, which would help to create development that is more self-sufficient, which would reduce the need to travel.
- 3 The EOIs include parks and reserves, walking and cycling trails, creation of additional footpaths and bus stops through the development, ensuring that the SHAs would not become isolated suburban development.
- 4 The three EOIs would total 579 of the 1100 homes provided for through the Council approved Housing Infrastructure Fund (HIF) Detailed Business Case (DBC).
- 5 The three EOIs require the infrastructure to be provided via the Housing Infrastructure Fund to be serviced for water, wastewater and for the transport improvements.
- 6 The transport implications of development on the Ladies Mile covered in this report includes a summary of the current transport effects, the importance of ensuring that there is a transport modal shift towards public transport, and the transit orientated development principles considered in the three SHAs.
- 7 The Ladies Mile is an important component for the development of a sustainable community east of the Shotover River, choosing the right development pathway is integral to ensuring the best community outcome.

**Recommendation**

- 8 That Council:
  1. **Note** the contents of this report;

2. **Note** that there are a number of options that the Council will need to consider in respect of the present and future development opportunities for Ladies Mile as outlined in this report; and
3. **Note** there will be a further report to the Council meeting to be held on 30 May on those options following the Council's decisions on SHAs at the 18 April Council meeting.

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## Background

- 9 The Ladies Mile is a sunny, easily serviceable part of the Wakatipu Basin that is not prone to hazards. The Ladies Mile is also adjacent to an existing developed area, and not far from Frankton Flats and its industrial zones. It is one of the few undeveloped areas remaining in Queenstown and can be connected up to major infrastructure relatively easily. It is also lies on the main transport corridor into Queenstown, thus making public transport connections more viable.
- 10 At the same time, Ladies Mile is an area of significance to many locals, often seen as the gateway to Queenstown. Development in this area therefore poses a number of challenges, and it is important to ensure that should development proceed in this area that it is done in a responsible manner. One of the major challenges to development in Ladies Mile is traffic generation and the congestion that more houses and cars can cause. There is no easy solution to Queenstown transport issues but a range of initiatives are underway, including enhanced public transport to help support this.
- 11 As part of the Proposed District Plan (PDP) process, effects of urban development on Ladies Mile was assessed, as part of the Wakatipu Basin Landuse Planning Study. This study recommended that a more urban development approach be explored for Ladies Mile.



**Figure 1:** Ladies Mile, Shotover Country, and Lake Hayes Estate

- 12 Developing densely in preferred locations with access to services and outside of outstanding natural landscapes, is important to slow the spread of urban sprawl at densities that don't support Public Transport. Developing in this fashion can consume highly valuable and scenic land at ever increasing rates. Employing principles geared towards Transit Orientated development in areas that are readily developable are critical to ensure that we make the best use of the land in our District.
- 13 The Ladies Mile provides the opportunity to establish dwellings at a density that can support improved community facilities and recreational areas to what will likely become the largest population centre in the Wakatipu Basin. The challenge with this area is that it needs to be properly planned to support such a large population and also to ensure that the development supports passenger transport modal shift. It is important to note that development on the northern part of Ladies Mile will not happen overnight. There are a number of development triggers (expanded on in paragraph 47 below), that will happen as the area encompassed by the SHAs develops over the next 5 to 7 years to ensure that as the area develops infrastructure will keep up.
- 14 As an important part of the development of the Ladies Mile, Council is to consider three separate SHA proposals in the area at the 18 April Council meeting. The purpose of this report is to provide an overview of Ladies Mile and how the SHA proposals could contribute to the development or not.
- 15 Council's Housing accord and Special Housing Areas Act 2013 Implementation Policy "Lead Policy" sets a direction for the Ladies Mile as it has incorporated an Indicative Master Plan (IMP) for the Ladies Mile and classifies the land as Category 2. This means that SHAs are anticipated in this location but that the form and density of development still needs consideration. When approving the IMP, Council noted that *"the Indicative Master Plan is high level and that detailed design and location of activities such as public transport infrastructure, day care centres,*

*schools, and parks / reserves is not precluded and can be addressed through the 'expression of interest' process".*

- 16 The Detailed Business Case (DBC) for Housing Infrastructure Funding was approved by Council on 23 March 2018. It was subsequently approved by both the Otago Regional Council (ORC) and the New Zealand Transport Agency (NZTA) Board in August 2018. The NZTA board resolution was sought due to the significance of balancing housing priority and roading capacity. The DBC was the basis for the Ladies Mile Loan and Funding Agreement which was executed on 30 September 2018.
- 17 The above agreements assume that a target of 1100 houses in the DBC area will be reached. The combined total of the three EOIs is 579 residential units, less than the 1100 provided for through the HIF application. There is other land in the Ladies Mile that can help contribute towards reaching this target in the long term.

### **Lead Policy**

- 18 The purpose of the Housing Accord and Special Housing Areas Act (the **HASHAA**) is:

*The purpose of this Act is to enhance housing affordability by facilitating an increase in land and housing supply in certain regions or districts, listed in Schedule 1, identified as having housing supply and affordability issues.*

- 19 Council entered into the Queenstown Lakes District Housing Accord (**the Accord**) with the Government in 2014, which was subsequently updated on 12 July 2017. The Housing Accord applies District Wide. The Accord "*sets out the Government's and the Council's commitment to work together to facilitate an increase in land and housing supply, and improve housing affordability and suitability in the Queenstown Lakes-District. The Accord recognises that by working collaboratively the Government and the Council can achieve better housing outcomes for the District. The priorities are:*
  - *The continued development of additional land supply, as quickly as possible, to alleviate pressures in the housing market*
  - *The development of a mix of housing types that are aligned with the Council's intended plan for residential development to be more affordable, of medium density, closer to key central areas, and on good public transport routes".*
- 20 The Housing Accord is implemented through the Council's Lead Policy, which sets out how Council will assess EOIs for SHAs.
- 21 The Ladies Mile area was specifically added into Category 2 of the Lead Policy following three agenda items in 2017.
- 22 The decision stemmed from a Council resolution following the approval of the Queenstown Country Club which was the first SHA urban development approved on the flatter, more visible parts of the Ladies Mile.

- 23 The 23 June 2017 agenda item sought approval to consult on adding the Ladies Mile into the Lead Policy due to the district's housing affordability problem, and the high levels of growth being experienced, which required the Council to consider how it could enable and provide more land for housing. This was reinforced by a number of drivers from central government, including the Housing Accord and the National Policy Statement on Urban Development Capacity, to increase the supply of housing.
- 24 The 17 August 2017 agenda item reported back on the 310 responses received and made a range of changes to the proposed indicative master plan. This agenda item included a transport assessment by Abley Consultants based on an additional 1000 houses, which showed the current bridge reaching capacity (1600 vmph) during the evening peak at 2024 or 2032 with a 10% uptake of public transport. Since this report, a far more detailed integrated transport assessment has been prepared based on the latest growth figures and traffic data.
- 25 The 26 October 2017 agenda item reported back to Council on what level of contribution could come to the QLCHT, how could speculation in vacant sections be prevented, and what other large tracts of land might be available to provide affordable housing at suitable cost in the district.
- 26 The Council ultimately resolved to add the Ladies Mile into the Lead Policy as Category 2, noting that *"the Indicative Master Plan is high level and that detailed design and location of activities such as public transport infrastructure, day care centres, schools, and parks / reserves is not precluded and can be addressed through the 'expression of interest' process"*.

*Numbers of Dwellings proposed on the Ladies Mile*

- 27 Special Housing Areas proposed for the Ladies Mile on the 18<sup>th</sup> April 2019 Council agenda are:
- Laurel Hills – 156 residential units. Council previously considered Laurel Hills, at its meeting of Thursday 7 March 2019. Council resolved to leave that lying on the table to be considered alongside the 2 additional SHAs that were due to be considered at the 18 April Council meeting.
  - Flint's Park Residential and Flint's Park Mixed Use Precinct – 247 residential units.
  - Glenpanel – 176 residential units.
- 28 Ladies Mile formed part of the land that was included in the Wakatipu Basin Land Use Study, which was undertaken as part of the PDP process. As part of this process large parts of Ladies Mile have been rezoned. Approximately 52.4 hectares of land in the area to the north of Ladies Mile has been rezoned to Rural Lifestyle with a density of one dwelling per hectare providing the average lot size is not less than two hectares. This has the potential to deliver about 52 rural residential properties in the whole of the Ladies Mile. The area to the south west of Ladies Mile has been rezoned to large Lot Residential A with a minimum lot size of 2000m<sup>2</sup>. The area covered by the Laurel Hills proposal would provide for approximately 34 dwellings.

29 Table 1 below summarises the three SHA proposals:

**Table 1:** Three Ladies Mile SHA proposals

	<i>Flint's Park residential</i>	<i>Glenpanel</i>	<i>Flint's Park Mixed Use Precinct</i>	<i>Laurel Hills</i>	<i>TOTAL</i>
<b>Residential units</b>	151	176	96	156	579
<b>Site size</b>	7.1 hectares	15.5 hectares	7.9 hectares	9.4 hectares	39.9 ha
<b>Gross Households / ha</b>	21.2	11.4	18.8**	16.6	17.1 hh/ha average
<b>QLCHT contribution TBC</b>	15	18	10	16	59
<b>Detached houses</b>	68	90	14	102	274
<b>Attached houses</b>	83	86	82	52	303
<b>Developer</b>	Glenpanel LP	Maryhill Ltd	Glenpanel LP	Laurel Hills Ltd	
<b>Residential development enabled under PDP zoning***</b>	Rural Lifestyle (3 dwellings)	Rural Lifestyle (7 dwellings)	Rural Lifestyle (3 dwellings)	Large Lot residential A (34 dwellings)	51

\* includes roads and reserves

\*\* excludes 2.8 ha school site and includes retail and other uses in Local Centre so residential yield lower

\*\*\* Rural Lifestyle is one dwelling per 2 hectares average

## Transport / Traffic

- 30 The three combined Ladies Mile EOIs would result in a combined total of 579 residential units. Given the probable purchase by QLDC of the 516 Frankton-Ladies Mile Highway, this will be the total yield under SHAs on the Ladies Mile, so significantly less than the 1100 provided for in the Lead Policy and under the HIF detailed business case.
- 31 The recently announced 'Wakatipu Way to Go' initiative reflects that integrating transport and land use planning in Queenstown requires the three relevant agencies (NZTA, ORC and QLDC) to work together. Council manages land use under the RMA / HASHAA and local roads, whereas NZTA manage the State Highways and ORC provide public transport.
- 32 The three EOIs are within the area identified to be serviced through the Detailed Business Case for the Ladies Mile Housing Infrastructure Fund (DBC) works. The DBC for this development provides infrastructure to service 1100 additional residential units on the Ladies Mile, including transportation infrastructure. Other transport infrastructure is to be worked through in a Memorandum of Understanding between the three agencies.
- 33 The site is within the area identified to be serviced through the DBC for the Ladies Mile Housing Infrastructure Fund works. The DBC provides infrastructure to service 1100 additional residential units on the Ladies Mile, including some transportation infrastructure.

- 34 The DBC was prepared by QLDC and was considered and ultimately approved by QLDC on 23 March 2018. It was subsequently approved by both ORC and the NZTA Board in August 2018. The Ladies Mile Loan and Funding Agreement was executed on 30 September 2018. Transport infrastructure outside of the DBC is to be worked through in a Memorandum of Understanding between the three agencies.
- 35 On 29 June 2018 a Council commissioned Ladies Mile HIF Integrated Transport Assessment (ITA) was issued. Since then Council's Planning and Infrastructure team (Council P&I) have continued to work on the transport issues that are evident in Ladies Mile. The Quail Rise works that are currently being undertaken, are exacerbating the current traffic delays but are equally an intervention designed to improve the safety and efficiency of the route into Queenstown. Further work that has been done in this area focuses initially on early interventions like Public Transport Priority, Park and Ride and better active travel connections. These initiatives will start to be rolled out over the next 18 months. That means that once dwellings that form part of the SHAs are built the early interventions will be in place, this will offer choice to people as they move into the SHA areas.
- 36 The Ladies Mile leading onto the Shotover Bridge is an area that will continue to come under pressure from commuter traffic, even if Ladies Mile is not developed through SHA's. There is still likely to be pressure for development beyond Ladies Mile in places like Wanaka and Cromwell which will over time present the same challenges with network capacity as the expansion of the Ladies Mile.
- 37 Traffic growth on SH6 is placing a significant strain on the already-busy corridor, with 2-year growth rates at 9.0%. With considerable development continuing in Frankton and the wider Queenstown area, growth rates are not expected to decrease significantly.

#### *Wider transport Network*

- 38 The impact of the additional 1100 residential units on the wider network was assessed as part of the DBC for the HIF. A comprehensive integrated transport (ITA) assessment was prepared and has been adopted by NZTA, ORC and QLDC.
- 39 With the Council purchase of 516 Frankton-Ladies Mile Highway, and the imminent expiry of HASHAA, the yield from SHAs is now a maximum of 579, rather than the 1100 anticipated through the DBC. This is roughly half the DBC figure.

#### **Modal Shift**

- 40 The work that is currently being done by Council's P&I team looks to address the traffic and transport challenge by looking at mode of transport choice, as having one or two people traveling per vehicle is not a mode of transport that is sustainable in the long term, as currently 69% vehicles in the morning peak had one (1) occupant. Council's P&I team are of the view that there could be significantly fewer vehicle movements with behavioural and service changes. This will require a change of peoples' preferred mode of transport and priority.

- 41 Some of the measures under Wakatipu Way to Go: Collaborative transport partnership between QLDC, NZTA and ORC are due to be in place within 18 months. The initiatives below are planned for Ladies Mile:
- Ladies Mile to Queenstown direct service will offer shorter bus travel times to Queenstown, with no transfer at the Frankton Hub, which is a severe hindrance to the uptake of bus travel. This initiative is being worked through with the ORC.
  - Ladies Mile Park and Ride, is a car park and direct buses to Frankton and/or Queenstown. This facility would be aimed at those travelling from further out (Cromwell, Arrowtown, Wanaka etc)
  - Shotover Bridge Bus Gate, is an option being looked at which involves traffic lights to give priority to high occupancy vehicles (HOV) where lanes merge
  - Coronation Drive bus priority, Priority lane for buses entering Queenstown. 'Queue skip' will improve travel time and attractiveness of buses to encourage modal shift from single occupancy passenger vehicles to
  - Preferred active travel network which has been identified and the business case showing these will be complete within weeks.
- 42 It should also be noted that providing housing close to employment areas such as the Frankton Flats in Ladies Mile also means alternatives to the car such as public transport and walking / cycling are increasingly feasible, whereas if the residential development occurs further out or in neighbouring towns, these options are generally not available.
- 43 If more dwellings were going to be built in Ladies Mile, then the above initiatives would need to be in place before the houses are built, and the demand on the traffic network begins to increase.
- 44 The SHAs are seen as being the first step towards supplying 1100 homes that were recognised by the Housing Infrastructure Fund Detailed Business Case. If the SHA proposals are approved, this would ensure that the density of dwellings required to make the above options viable would be approved allowing the transport initiatives to be worked on and put in place. This a step towards decreasing the reliability on single occupancy vehicular travel. This is not only needed to relieve traffic issues on Ladies Mile, but is part of an overall programme to reduce private car dependency and to manage demand for parking in congested areas like the Queenstown CBD.
- 45 The proposed actions including capacity increases and mode shift prescribed through the DBC are shown in Figure 12 and further discussed below.
- 46 If the Council recommends the EOIs to the Minister, Rows 1 – 5 from the table below would need to be in place to reduce the congestion impacts. Rows 1 and 2 are funded through HIF and are subject to developer agreements with landowners on the northern side of Ladies Mile, whereas Row 3 is subject to a MOU between QLDC, ORC and NZTA. The “target” is 20% on public transport, a level similar to cities such as Wellington.



- 47 Should Council approve the EOIs before Council it would trigger the design of a park and ride facility (as shown at step 4 in Table 2 below). This facility would then have to be constructed at 300 houses.

**Table 2:** Programme of works from HIF DBC

Sequence	Action / Intervention	Trigger	Control Mechanism	Funding	
1	Prior to first lots	Construct access Roundabout at Howards Drive	DA for Development	DA	HIF
2	Prior to first lots	Construct Bus Stops and Underpass on SH	DA for Development	DA	HIF
3	Prior to first lots	Improve PT Level of Service - Target 20%	DA for Development	MOU	ORC
4	By end of 450th lot	Construct Park & Ride East of Ladies Mile	Design @150. Construct @300.	MOU	NZTA
5	Park & Ride	Complete Improve PT Level of Service - Target 25%	Park & Ride Complete	MOU	ORC
6	By end of 750th lot	Construct Bus Priority Lane (Park & Ride to Shotover Bridge)	Design @450. Construct @600.	MOU	QLDC / NZTA
7	Priority Lane	Complete Improve PT Level of Service - Target 27%	Priority Lane Complete	MOU	ORC
8	By end of 900th lot	Implement Diversion Improvements	Design @750. Construct @825.	MOU	QLDC / NZTA
9	By end of 1,100th lot	Improve PT Level of Service - Target 29%	900 Lots	MOU	ORC
10	Prior to 1,101st lot	Future PT Infrastructure / Modal Shift	900 Lots	MOU	QLDC / NZTA / ORC

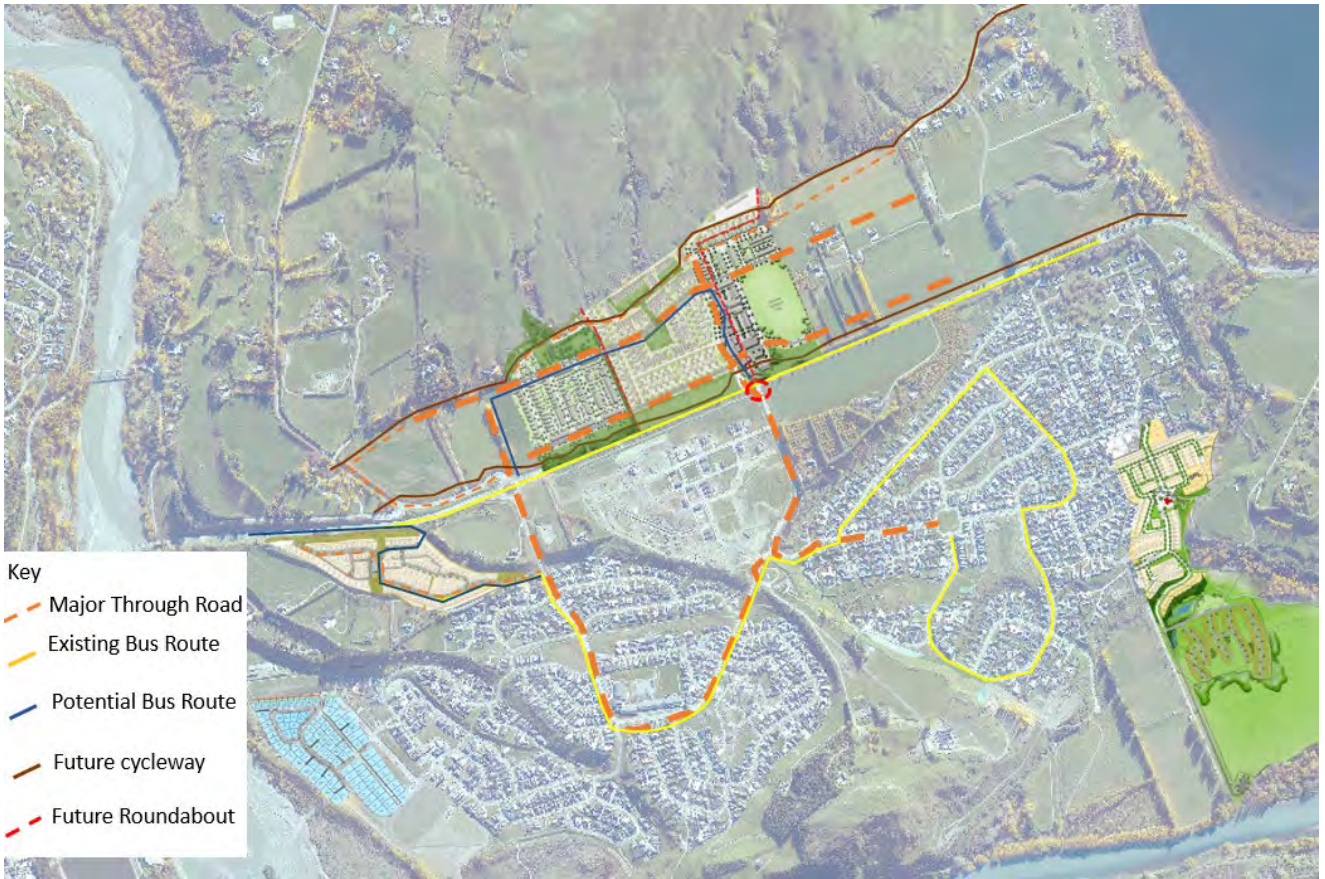
- 48 It is worth noting that a certain amount of congestion is necessary to encourage mode shift, as public transport modes offer sufficient benefit only when private vehicles are delayed.

### Transit Orientated Development (TOD)

- 49 There are a number of general principles of travel demand that can be used for assessing the merits relating to the design of development in Ladies Mile that could help to create a centre that is focused around transit.

### Transport Options

- 50 The quality of transport options affects travel activity. Improving walking and cycling conditions, and public transit service quality, tends to increase use of these modes and reduce automobile travel. Below is a diagram showing what the various transport options could be within the Ladies Mile, including cycle ways, bus routes and arterial routes with high levels of connectivity.



### *Geography and Landuse patterns*

- 51 Land use factors such as density, mix of uses, roadway connectivity, building design and parking supply can affect transport demand. There is sufficient evidence to demonstrate that a higher density development can be expected to align with lower vehicle ownership, less private vehicle travel, more ridesharing (or carpooling) and higher rates of public transport uptake. The same principles apply to the density of commercial development. There is evidence to suggest that 25-35 dwellings per hectare over the Ladies Mile would result in public transport benefits, and that including mixed uses in the Ladies Mile would suppress single vehicle trips by 5-6%.
- 52 Below is a table further outlining some of the initiatives and design principles that have been given consideration in the design of the SHAs and may also feature in any future changes to the PDP.

<i>TOD Principle at Ladies Mile</i>	<i>Effects</i>
Higher density	<ul style="list-style-type: none"> <li>• Better access to public transport.</li> <li>• More housing capacity / provision.</li> </ul>
Walkable neighbourhoods.	<ul style="list-style-type: none"> <li>• Less car dominance.</li> <li>• More active travel.</li> <li>• Improved wellbeing.</li> </ul>

<i>TOD Principle at Ladies Mile</i>	<i>Effects</i>
More self-sufficiency (schools, sports facilities, shops etc)	Reduced need to travel, leading to reduced congestion internally and on SH6.
Public transport priority: <ul style="list-style-type: none"> <li>• High occupancy vehicle lanes.</li> <li>• Bus gates at Shotover Bridge.</li> <li>• High quality bus stops.</li> </ul>	<ul style="list-style-type: none"> <li>• Increased bus usage.</li> </ul>
Mobility as a service: <ul style="list-style-type: none"> <li>• Increase vehicle occupancy.</li> <li>• Travel demand management.</li> </ul>	<ul style="list-style-type: none"> <li>• Smarter travel choices.</li> <li>• Peak spreading.</li> <li>• Reduced travel.</li> <li>• Mode shift.</li> <li>• Reduce car dominance.</li> </ul>

## Transport Summary

- 53 In summary, vehicle transport infrastructure for Ladies Mile is currently limited with only SH6 and SH6A providing access into the Frankton Flats. There is a tension between NZTA objectives to maintain bridge capacity at 1600 vmph at peak times to serve the through function of a State Highway, and the local access function the road provides to serve the residential areas of Lake Hayes Estate and Shotover Country. Walking and cycling infrastructure across the Shotover River is also poor, being indirect and steep in places.
- 54 Even with the physical works identified in the DBC, maintaining the Shotover Bridge at 1600vmph requires significant behavioural changes to achieve the level of diversion to public transport and park and ride required. However it is also recognised that increasing the density on the Ladies Mile is a key factor to help ensure that public transport and Park and Ride solutions to the traffic issues can work.

## Infrastructure

- 55 HIF funding provides funding for all the required infrastructure for up to 1100 homes on the Ladies Mile.
- 56 The Ladies Mile Detailed Business Case was approved by QLDC and accepted by The Crown, resulting in an executed Facility Agreement between QLDC and The Crown for \$24M (includes \$6.5M transport funding from NZTA for a roundabout at SH6/Howards Drive, bus shelters on SH6, pedestrian underpass near bus stops, and footpaths along SH6).
- 57 If the SHAs are declined and the RMA processes employed as a strategy for managing growth on Ladies Mile, the length of time that this would take would likely mean that Council would need to withdraw any possibly application to draw down the HIF funding. This could mean that Council would need to access commercial debt to fund capital expenditure that would be required to meet the



changed level of demand. This could mean a delay in getting housing underway as developers will need to re-look at how they can fund development and the associated costs.

- 58 Further, if the HIF funding should not be available then other infrastructure like the building of a new reservoir and pipelines will be deferred. Should this be needed at a later date, new funding would need to be sourced and secured through loans.

### **Queenstown Affordable Housing Trust**

- 59 58 houses would be delivered to the Queenstown Lakes Housing Trust under these three SHA proposals (10% in accordance with the Council's lead policy). If the RMA was to be relied on for future development of the Ladies Mile then it is highly uncertain that a 10% contribution could be delivered under any inclusionary zoning rules that form part of Stage 3 of the PDP.
- 60 If the RMA process is to be relied on there is also a risk that the developers will legally challenge the inclusionary zoning provisions that may form part of the PDP.

### **Schools**

- 61 In their feedback on the Laurel Hills EOI, the Ministry of Education (MOE) stated the following:

*As previously signalled in response to the Ladies Mile Master plan in August 2017, the Ministry is now needing to, in conjunction with Queenstown Lakes District Council, develop a clear plan for provision of new primary schooling at Ladies Mile. This will involve the need for the ministry to bring forward anticipated funding of a new school site. ....Accordingly, the Ministry seeks to work in collaboration with the Council, to develop a clear plan to facilitate the acquisition of land for a future primary school in the Ladies Mile area.*

- 62 The Council's purchase of 516 Frankton-Ladies Mile Highway provides one option for a future school site. Note that MOE is currently looking at and in discussions with landowners on the northern side of SH6 for an additional school.
- 63 The developers of Glenpanel have deliberately left a land parcel out of their EOI for a school site, and their EOI shows communication is underway with MOE.
- 64 The Flint's Park Mixed Use Precinct has also made specific provision for a school site as part of its EOI. The three possible options for schools sites are shown in Figure 2 below:

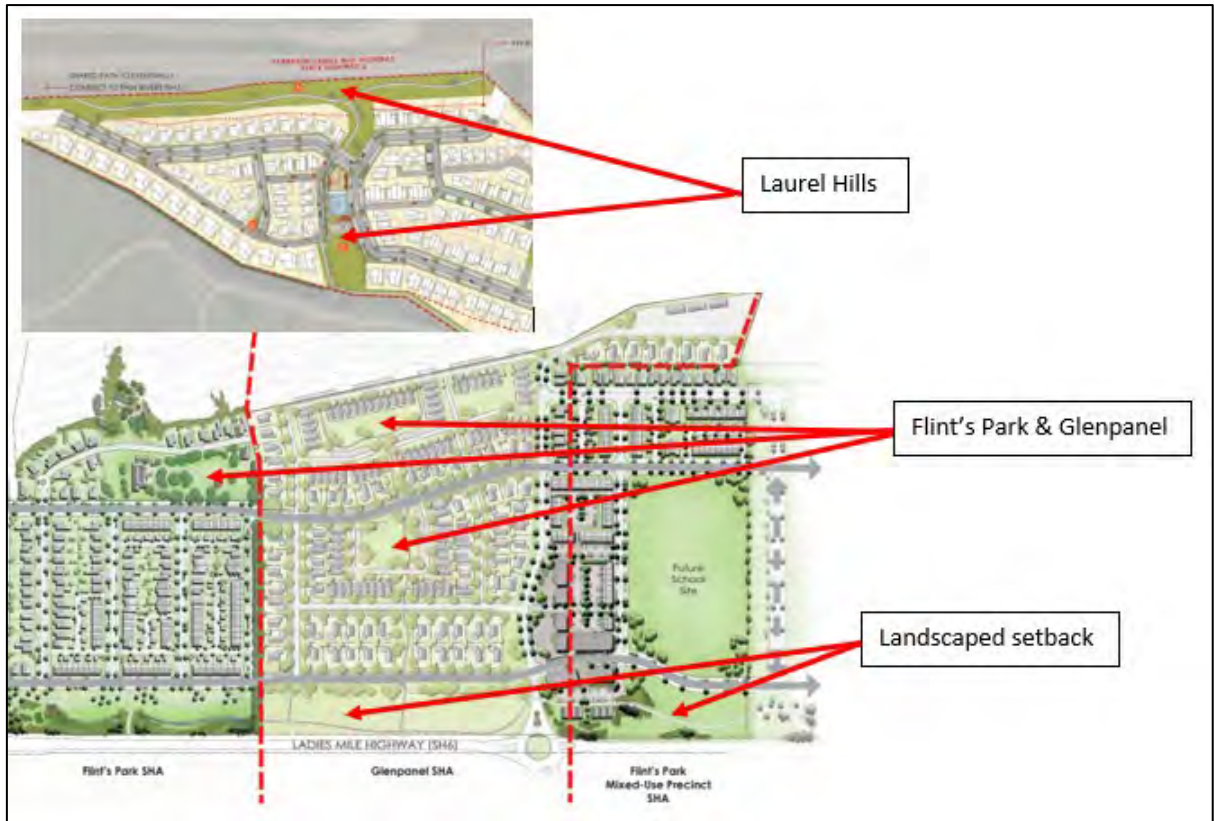


**Figure 2 - Three potential school sites on the Ladies Mile**

65 Ultimately MOE will determine a site that meets its requirements if needed due to continued development, and designate the land for education purposes.

### **Greenspace**

66 Each EOI has proposed their own greenspace, as shown in Figure 3 below. These areas all individual comply with Council's Parks and Open Space Strategy 2017 and will provide a 'Local Park' reserve space for the residential area.



**Figure 3 - Reserve Areas proposed within the three EOIs**

- 67 As the land holdings of the three EOIs is relatively small, there is no opportunity to seek from the developers vesting of a larger 'Community Park' or 'Sportsground Park' as this would take up the majority of their sites and could effectively remove their ability implement residential development.
- a. Flints Park proposes to leave the established gardens of the homestead as an established open space recreation area, with the possibility of using the homestead for community/commercial purposes. It is critical to note that increasing the level of self-sufficiency of Ladies Mile is critical to reducing private car movements.
- 68 The Council's purchase of 516 Frankton-Ladies Mile Highway provides an opportunity for a larger reserve that can serve the wider Ladies Mile, Shotover Country, Lake Hayes Estate area.

### **Community/Retail/Commercial**

- 69 The Indicative Master Plan provides for a local centre at the centre of the Ladies Mile, to provide a heart and focus to the wider Ladies Mile, Shotover Country, Lake Hayes Estate area. The local centre is deliberately centrally located at the key north / south and east /west transport routes, approximately where the Ladies Mile Pet Lodge is located.
- 70 Commercial and employment opportunities in Ladies Mile would increase the self-sufficiency of the development, which is good from a traffic point of view as this

would reduce the requirement for journeys to Frankton or Queenstown, and increase walking trips within the development.

- 71 The Flint's Park Mixed Use Precinct proposes development of this area as a mixed use, which also provides an opportunity to try and reduce vehicle movements to the Frankton Flats by providing for an area that enables convenience retail, food and beverage, as well as office and business services in the heart of the Ladies Mile.
- 72 Where there is a shortfall in retail/commercial space resulting from the SHA process, the balance could be made up with land through a future plan change to the PDP. Commercial Mixed Use, Residential and Open Space areas with a potential development yield of 2,500-3,000 dwelling units (approximately 2,874 on the current design but this is likely to fluctuate) could be provided for through the PDP around the SHA areas. Design principles that could be included in this process may look to encourage walkability, improve the relationship between buildings and the street, and focus around transit options could be included in a future plan change process.
- 73 While this density type has the ability for retail and office space to be developed, it is considered that the buildings will be predominantly residential in character but with the flexibility to change/adapt over time depending on market conditions and demands. Mixed use areas form the focal point for the design and should include high quality public spaces, plazas and laneways. Some streets would potentially be shared spaces with slow vehicle speeds encouraged and pedestrian priority. The provision of public transport is important to the success of this area.

### **Spatial Context**

- 74 Ladies Mile will in all likelihood be developed for urban purposes in one form or another. Urban development could occur incur in an ad hoc fashion over time. An alternative to this could be through a comprehensive, careful and deliberate planned approach. An important question is should Council play a proactive role or a reactive role in managing this change. Whatever option is taken it is likely that Ladies Mile will be developed to completion over the medium term.
- 75 The 26 October 2017 agenda item which added Ladies Mile to the Lead Policy, looked at what other large tracts of land may be available to provide greenfield areas for housing at suitable cost in the district, as an alternative to the Ladies Mile. Six possible areas were identified.
- 76 The two options with the most potential after Ladies Mile, were identified as being the area between Frankton and Jack's Point (where the Coneburn SHA is proposed), and the area along and at the end of Tucker's Beach Road, however at that time neither were considered to be as 'ready to go' as the Ladies Mile. Further, these areas are not seen as alternatives to Ladies Mile, and our analysis suggests that both Ladies Mile and Coneburn are required. Ladies Mile is preferred from an urban form and function perspective.
- 77 The Ladies Mile is directly adjacent to an existing, urbanised area, is located on key transport routes and is already serviced by public transport (which can be expanded). Walking and cycling to destinations are real options on the Ladies

Mile. It is in close proximity to the major employment area of the Frankton Flats, and can be readily serviced through the financially advantageous HIF programme. It is also close to the Shotover bore field for potable water and the wastewater treatment ponds for wastewater.

- 78 The wider Lake Hayes Estate and Shotover Country areas have a current population that is larger than Arrowtown, yet there are very few facilities for the residents. Ladies Mile offers one of the few remaining opportunities to provide for some kind of community/retail space as well as green spaces, park and ride facilities, additional schools etc.
- 79 The area is currently held in 16 land ownerships, which makes urbanisation difficult. It is still possible although the area is on the cusp of becoming a rural residential area through the recent PDP decisions. Once this occurs it is very complex, costly and difficult to then seek to urbanise an area.

### **Planning Options for Future Communities**

- 80 If there is agreement on the longer term Ladies Mile development outcome discussed above, then there are a number of pathways that could be followed to ensure that the growth of Ladies Mile delivers what is best for current and future communities each with advantages and disadvantages.

#### *Developer Led RMA Process (plan change or resource consent)*

- 81 The RMA could be relied on, as a tool to develop the Ladies Mile. A reactive approach would be to wait for developers to lodge resource consents or plan change applications. Developers pay for Council's costs when they initiate a private plan change. However, this affords the least control to Council as the developers are likely to look to develop in a similar fashion to Shotover Country, and Lake Hayes Estate. The downsides to this could be:
- land use that encourages (locks in) reliance on private cars for accessibility the effects of which is likely to overwhelm the limited capacity of the road network and is difficult to service with public transport.
  - lower density land use is inefficient and will require additional land to provide enough land for housing a local centre and adequate community services.
  - no contribution of 10% of the land for affordable housing or HIF fund available for infrastructure and potential delays will make development and the houses more expensive.
  - Development more likely to occur in an ad hoc manner and given the likely obstacles, will take longer to come to market.

#### *Council Led Plan Change Variation*

- 82 Council could prepare and notify a Council led plan change as part of Stage 3 of the PDP process. This would then be a guide to future development that could



reflect Council's aspirations and those of the community that support urbanisation of this land as this process would be a public process. The downside to this is that there would be:

- lost benefits of the SHA process - including 10% affordable housing to the Housing Trust, HIFF funding etc.
- long lead-in time – this process would involve preparing plan change documentation, a hearing, submissions, and environment court and it could be 5-6 years before this process delivers any housing.
- cost – this process would put the cost of a plan change and any appeals on Council.
- may lose momentum with central government, ORC, and NZTA commitments.
- this process can be appealed by anyone who submits, taking more time and will not help to address the current level of transport issues.
- The environment court will be the decision maker not Council.

The benefits of this process could include:

- Council would develop plan provisions to promote the outcomes it wants for this area.
- Council could promote a more transit oriented development that supports and aligns with plans for public and active transport.
- Allow more time before more houses are built in the Ladies Mile.
- Greater public participation.

83 While this process could upzone land on the Ladies Mile to urban densities, there is a risk that owners of that land will take the windfall gain of increased land value but not develop. This could lock newly zoned urban land in the Ladies Mile up for an unknown period of time. While on paper this can deliver community outcomes in reality it could be many years until that development is realised.

#### *Mixture of SHAs and Council Led Plan Change*

84 This process could be employed to ensure that development on the Ladies Mile keeps momentum. The land that is currently being proposed to go into SHAs would be developed with a high level of Council influence over outcomes and allocation of costs, compared to a developer lead RMA application, and will retain the benefits that the SHA process has. Council would hold a degree of control over the way that growth occurs through the Stakeholder Deed and the Qualifying Development criteria that go along with the SHA EOI.

85 The SHA process has also had the benefit in the past that the SHA process has overcome land banking and has forced land into the market.

- 86 Processing the resource consents that would need to be lodged as part of the SHA process would ensure that as the detail of the proposed development is worked through, and Council retains oversight to ensure that any agreed community benefits are delivered.
- 87 Initiating a Council led plan change once the extent of the SHAs are known would mean that any community benefits that are not delivered on (like for instance appropriate green space or density to support transit goals), could be addressed in the Council led plan change. Should this approach be adopted it will ensure that the momentum on the SHA process is not lost and all funding that goes along with the SHA process and HIF will be retained.
- 88 An important consideration for deciding on which strategy for growth is the most appropriate is the ownership of land on the Ladies Mile. Currently the SHA proposals cover 12 different land parcels and ensure that these will be developed in a way that references and aligns with a master plan for the area. Should this be lost there is a risk that that the land on the Ladies Mile will be further fragmented making development in an integrated way very difficult.
- 89 The SHA process can dovetail with a Council led Plan Change by ensuring that the benefits of the SHA process are delivered on and by getting essential infrastructure (like roundabout, underpass, park and ride), built in the short term under the SHA process. The Council led Plan Change can deal with the remainder of the land to ensure that over the medium to long term the remainder of the Ladies Mile is developed in accordance with Council and the communities aspirations for this area.

## **Options**

- 90 When considering the above there are a number of decision options all with different outcomes that are available to Council at this time. These are listed below and discussed in the sections that follow.
- Say no to density on the Ladies Mile, do not approve the SHAs and implement the PDP Rural Lifestyle zoning provisions.
  - Approve some or all SHAs and accept the PDP Zoning to be implemented.
  - Approve some or all SHAs and prepare a plan change (based on urban intensification) for the remaining Ladies Mile.
  - Do not approve SHAs and change the PDP Zoning focusing on urban intensification.
  - Urban Development Authority Special Development Project.

### **Option 1: No to density on Ladies Mile**

- 91 This option involves not approving any of the SHAs and implementing the zoning and plan provisions in the PDP. This will likely lead to saying no to developing the Ladies Mile for urban purposes.

Option 1: No to density on the Ladies Mile	
Advantages	Disadvantages
Maintain a relatively rural aspect to the Ladies Mile	Lose 10% housing contribution
The SHAs would not contribute to the transport issues currently experienced along Ladies Mile	Contrary to the Lead Policy and Indicative Master Plan
	Lose HIF funding
	Commitment to Central Government partners lost
	Lose community facilities that could be developed north of Ladies Mile
	Lose ability to force density for Public Transport mode shift. Traffic issues may increase development capacity is still available in Shotover Country and Lakes Hayes
	Lose opportunity for affordability as less houses would be built

### Option 2: Approve some or all SHAs and accept the PDP Zoning to be implemented

92 This option involves approving some or all of the SHAs and allowing the PDP zoning and related provisions to be implemented. This will mean that there will be an increase in density in parts of the Ladies Mile and the remainder of the Ladies Mile land will be developed under the PDP provisions. The decision framework under this option is outline in the table below.

Option 2 Partial density on the Ladies Mile	
Advantages	Disadvantages
Retain 10% housing contribution	Further fragmentation of ownership of remainder of land
Continues with the work that has been done by Council's P&I, P&D, and Councilors over the past 3-5 years	Public transport may not be realised

2 ha lots yield on remainder of land - Somewhat retains the rural aspect to the Ladies Mile	May lose HIF funding
Limited community facilities (516 Frankton - Ladies Mile Hwy)	Lose ability to force density for PT mode shift
Continues commitment to Central Government partners	579 dwellings, there will still be many 2ha lots – lose affordability
	Traffic issues may worsen
	Still allows for fragmentation of land ownership

**93 Option 3: Approve some or all SHAs and prepare a plan change for the remaining Ladies Mile area**

94 This option involves approving some or all of the SHAs, and preparing a plan change to promote urban development of the remaining area. This will mean that there will be significant density increases on the Ladies Mile. The SHA land will develop under SHA provisions, and the remainder of the Ladies Mile land will be developed under changed PDP provisions.

95 Council would, under this option, be signalling that it intends to proactively plan for the remainder of the Ladies Mile area, built around the SHAs. This option will see the momentum of growth continue on the Ladies Mile with dwellings being built within 2-4 years (depending on infrastructure), and then the change to the PDP filling in after that as development will likely be ready under the PDP within 5-6 years or sooner. This option could seek to increase density on the Ladies Mile over time, allowing for infrastructure to be incrementally increased to elevate the Transit Orientated Development compatibility. This option affords an integrated approach to land use and infrastructure planning.

Option 3 Density on the Ladies Mile - mixed growth approach	
Advantages	Disadvantages
Keeps momentum and supply of houses constant	Lose the ability to plan Ladies Mile as a complete green field development
Retain 10% housing contribution	Community are likely to be excluded from the SHA process (other than immediate neighbours)
Continues with the work that has been done by Council's P&I, P&D, and Councilors over the past 3-5 years	Major rush to agree to a deed and submit a set of carefully considered consent applications before SHA legislation expires in September 2019.

Retain HIF funding – deliver on infrastructure	Reliant on the developer to address issues that have a significant public interest and not just provide for their own development
Reduces amount of land that can be land banked	Remaining land will still need to be rezoned via a plan change to enable quality development outcomes
Early benefit of park and ride facility	SHAs will speed up the timeframe for when houses will be constructed on Ladies Mile
Ability to somewhat force density for Public Transport mode shift through qualifying development criteria	The land outside the SHA areas, subject to environment court proceedings through a plan change process
1100 dwellings on Ladies Mile achieves affordability targets	Further development will contribute more traffic to Ladies Mile
Deals with less fragmented ownership of remainder of land	

#### **Option 4 - Do not approve SHAs and change the PDP Zoning**

- 96 This option involves approving none of the SHAs and initiating a change to the PDP zoning. This will mean that there could be density increase on the Ladies Mile over time due to a Council Lead Master Plan/Spatial framework. Under this option the SHA land would not develop under SHA provisions. Instead all of the Ladies Mile land would be developed under changed PDP provisions.
- 97 If chosen this option will need to be started as soon as possible as it will take 3-9 months to prepare a change to the district plan, and then it is likely to take 3-5 years before any houses are constructed on the Ladies Mile.
- 98 While this approach may lead to a better overall outcome in terms of urban design it could take a lot of time, be subject to challenge, and still end up with the requirement for a resource consent before subdivision can take place.
- 99 The RMA is an effects based legislative regime and there could be an argument that less density means less effects. This type of reasoning could be adopted by developers/submitters that may be opposed to an increase in density and/or commercial/retail activities occurring at ladies Mile (similar to the opposition that Plan Change 50 received). Should there be opposition to a plan change, the Environment Court would decide on what type of development ultimately goes on the Ladies Mile.

100 This option affords an integrated approach to land use and infrastructure planning.

<b>Option 4 Density on the Ladies Mile - singular RMA process</b>	
<b>Advantages</b>	<b>Disadvantages</b>
Density on the Ladies Mile in a singular RMA process	Relies on the RMA the outcome could be uncertain as the process is subject to environment court proceedings and could take a long time to get through the process
Can plan Ladies Mile comprehensively as a greenfield development	All land in the Ladies Mile available for land banking
	The RMA does not create an incentive to develop in a timely manner
The traffic issues will not get worse in the short term	Stalls supply of houses in the short to medium term
Certainty that land will be zoned appropriately to ensure community benefit	Ability to force density for PT mode shift lost in the short to medium term
Early benefit of park and ride facility	1100 dwellings on Ladies Mile questionable in short term
Density to support public transport could be realised in the long term	Council picks up on the work and costs in order to develop. This may take 2-4 years

### **Option 5 - Urban Development Authority Special Development Project**

101 This option involves declining the SHAs, not promoting a change to the PDP, and relying on the yet to be established Urban Development Authority. Little is known about the option at present and it is unclear if this legislation will make it through parliament. This option would be advanced by withdrawing the Ladies Mile area from the PDP to try to prevent low density, and Rural Lifestyle subdivisions occurring.

#### **Consequential Actions**

##### *Withdraw land from PDP*

102 If the Council decides to initiate either of the plan change options, then a subsequent decision will be required about the land covered by the PDP provisions that are currently in an appeal period. Under the PDP provisions the land could be subdivided to Rural Lifestyle and Large Lot Residential. One option for the Council, if it decides on one of the plan change options, would be to decide

to withdraw the Ladies Mile land from the PDP. This would impede the ability of land owners to subdivide their land into rural residential sections, further fragmenting the land ownership, until such time as the variation process ran its course. A second option would be to retain the PDP provisions while a plan change process is pursued. Both options have significant implications and further advice would be provided at a subsequent Council meeting should Council decide to pursue one of the plan change options.

*Explore other options for funding*

103 Should the HIF funding be lost, Council will need to explore other options for bringing development forward. If nothing is done there is a risk that the developers will not take action (due to cost and timing issues), meaning that no houses come on line and affordability could be impacted. The reality may be that some projects will disappear, some will be resized, some will still be needed because they serve a wider catchment and will need to be recovered from a smaller development pool.

**Significance and Engagement**

104 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. Housing supply and affordability is a significant issue for the District;
- Community interest: the matter is of considerable interest to the community
- Existing policy and strategy: The proposal is considered consistent with the Housing Accord, and is generally consistent with the Council's Lead Policy.
- Capability and Capacity: In principle it is accepted that the site can be serviced by existing infrastructure but upgrades are required in terms of water supply and waste water.

**Risk**

105 This matter relates to the Community & Wellbeing risk category. It is associated with RISK00056 'Ineffective provision for the future planning and development needs of the community' as documented in the QLDC Risk Register. This is because of economic, social, environmental and reputational risks.

106 This matter relates to this risk because the supply of housing is central to the current and future development needs of the community. In this instance it is considered the social and economic benefits towards the provision of housing and land packages that are targeted at first home buyers are met. The subsequent resource consent assessment process under the HASHAA also provides the opportunity for further mitigation of risk.

## **Financial Implications**

107 Should the HIF funding be lost, one of the biggest financial risks is the loss of the government's free loan and the need to replace that with more expensive borrowing.

108 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.

109 Should development proceed under an RMA process only, then it may be that alternative mechanisms for funding infrastructure would need to be considered.

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

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

- Lead Policy for SHAs;
- The Operative District Plan;
- The Proposed District Plan;
- Growth Management Strategy 2007;
- Housing Our People in our Environment Strategy;
- Economic Development Strategy;
- 2016/2017 Annual Plan and the Long Term Plan.

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

111 This item relates to Council's Lead Policy for Special Housing Areas, and the Proposed District Plan. Section 10 of the Local Government Act 2002, needs to be considered in that it fulfils the need for good-quality performance of regulatory functions.

The various options noted in this report relate to:

- Council's ability to provide for land that meets the current and future needs of the community 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.;
- Could alter the intended level of infrastructural service provision undertaken by or on behalf of the Council.

## **Consultation: Community Views and Preferences**

112 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 SHAs, which it has done for all SHA proposals. In addition, should the SHAs 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.

- 113 The persons who are affected by or interested in this matter are neighbours adjoining the proposed SHAs site, and more generally the wider population that live to the east of the Kawarau bridge and are concerned with traffic implications. There is also likely to be some wider community interest in the EOIs in Queenstown, given the high cost of housing across the District.