

**QLDC Council
7 March 2019**

Report for Agenda Item: 3

Department: Planning & Development

Expression of Interest for a Special Housing Area: Laurel Hills Ltd (adjacent to Shotover Country)

Purpose

- 1 The purpose of this report is to present the Laurel Hills Ltd Expression of Interest for consideration for recommendation to the Associate Minister for Housing and Urban Development as a Special Housing Area.

Executive Summary

- 2 This report to Council assesses the Laurel Hills Ltd Expression of Interest (**EOI**) against the various criteria of the Council's Housing Accords and Special Housing Areas Act 2013 Implementation Guidelines (**the Lead Policy**). The proposal is for 156 smaller, more affordable houses and includes a Local Park, walking and cycling trails, creation of additional footpaths and bus stops, and a possible bus priority route through the development. An offer has been made to the Queenstown Lakes Community Housing Trust.
- 3 Reporting and peer reviews confirm that at a high level, the land can be serviced for three waters, power and telecommunications. Servicing for stormwater presents the biggest challenge and while a feasible concept has been proposed, this has its risks and further detailed work is required. Safeguards can be provided in the Stakeholder Deed to ensure the final system is effective.
- 4 Transport is a key issue for the EOI and the wider Ladies Mile area. Vehicle transport infrastructure is limited with only SH6 and SH6A providing access into the Frankton Flats. There is a tension between New Zealand Transport Agency (**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 residential areas. There is no plan for a second crossing of the Shotover River in NZTA planning documents.
- 5 The Laurel Hills EOI is the first 156 of the 1100 homes provided for through the Council approved Housing Infrastructure Fund (**HIF**) Detailed Business Case (**DBC**). The total 1100 homes and background growth will exceed the 1600vmph Shotover Bridge capacity at completion. To limit this number above 1600vmph, the Council, NZTA and the Otago Regional Council have committed to a significant programme including capacity improvements and mode shift, which is expected to improve the transport system through improved transport choice and level of service for all modes. Even with these actions this is expected to be insufficient to reduce demand to levels below available the 1600vmph bridge capacity *at peak times*. Reducing the proportion of single occupancy vehicles (69%) at peak times is a key challenge.

- 6 The consequence of traffic demand exceeding the 1600 vmp/h bridge capacity is flow breakdown occurring, which ultimately results in longer average delays at peak times. Peak time congestion already extends down Stalker Road past the proposed access road to Laurel Hills (road works at Tucker Beach are also a current factor). The development could result in an additional 130 vehicle movements per hour onto Stalker Road at peak times, and a total of 1,200 vehicle movements per day. This is of real concern to local residents.
- 7 The Laurel Hills EOI is contrary to the Operative and Proposed District Plans as it is on land that is zoned Rural General / Large Lot Residential (but is now within the urban growth boundary). However the EOI is consistent with the Lead Policy including the Indicative Master Plan for Ladies Mile, the purpose of the Housing Accord and Special Housing Areas Act (**HASHAA**), the Detailed Business Case for the Housing Infrastructure Fund and the Queenstown Lakes District Housing Accord. The proposal was anticipated through the Housing Infrastructure Fund Detailed Business Case application.
- 8 Council will have to reconcile the obvious transport challenges with the physical limitations of roading infrastructure, the need to encourage mode shift, the high percentage of single occupancy vehicles and the urgent need to provide more housing, given the most unaffordable house and rental prices in the country.

Recommendation

That Council:

1. **Note** the contents of this report;
2. **Note** that public feedback received has been provided to Councillors separately prior to the meeting;
3. **Approve in principle** the Laurel Hills EOI for a Special Housing Area and instruct the General Manager of Planning and Development to proceed with negotiation of the Stakeholder Deed that addresses the requirements of the Lead Policy including:
 - a. The contribution to the Queenstown Lakes Community Housing Trust;
 - b. A legal restriction on visitor accommodation;
 - c. Infrastructure requirements, including public transport infrastructure;
 - d. Parks and reserves (including trails, footpaths and connections); and
 - e. Qualifying development criteria for the proposed Special Housing Area.
4. **Instruct** Council officers to report back to the Council on the measures discussed in Point 4 above at the 18 April 2019 Council meeting.

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21/02/2019

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Background

Purpose of HASHAA, the Housing Accord and Other SHAs

9 The purpose of the 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.

10 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:

- a. *The continued development of additional land supply, as quickly as possible, to alleviate pressures in the housing market*
- b. *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”.*

11 On 26 October 2017 and 28 June 2018 the Council adopted an amended Lead Policy to guide the Council’s implementation of the HASHAA. Eight SHAs have been recommended by Council and approved by the Minister as shown in the table below:

SHA	Under Construction	EOI / Resource Consent Approval – lots/dwellings	Residential parcels created	New dwelling building consents 6 Dec 2018
Bridesdale	Yes	134	136 (2 existing)	124
Queenstown Country Club & Onslow Road	Yes	346 (+aged bed care facility)	14	51
Onslow Road	Yes	21	21	0 ¹
Arthurs Point (Stage 1)	Yes	88	30	43
Arthurs Point (Stage 2)	No	92	0	0 ²
Gorge Road	No	0	0	0 ³
Shotover Country	Yes	101	101	5
A'town Retirement Village	Yes	195 (+aged bed care facility)	2	26
TOTAL		977 +2 aged-bed facilities	302	249

12 As the table illustrates, these SHAs will deliver a yield of approximately 977 residential units and 182 beds of aged care facilities, thus contributing significantly to the Council's obligations under the Accord.

13 Six of the eight SHAs are under construction (Gorge Road and Bullendale Stage 2 are the exceptions). On 6 December 2018 the SHAs have resulted in 249 residential units having building consent. Allowing three people per household, this means housing for approximately 747 residents has already been directly provided through SHAs.

14 Two additional SHAs in Hawea and Wanaka (Bright Sky) have recently been recommended by Council to the Minister. If both are approved by the Minister, they would enable an additional 681 residential units (giving a total of 1658 residential units through SHAs).

15 Other possible SHAs include:

- Coneburn, 600 houses/units – located north of Haley's Farm. EOI proposal to go to 18 April Full Council meeting.
- Glenpanel West, 153-207 houses/units on northern side of Ladies Mile. EOI proposal to go to 18 April Full Council meeting.
- Glenpanel East, 156 units on northern side of Ladies Mile. EOI proposal to go to 18 April Full Council meeting.
- Avalon, 1500 houses - Victoria Flats at the end of Gibbston Valley. EOI to potentially go to 18 April Full Council meeting.

16 Applicants within any new Special Housing Areas (**SHAs**) will have until 16 September 2019 to apply for a resource consent until they are disestablished. Provided the application is lodged before that date, the application may continue through the resource consent process under the HASHAA but must be completed before 16 September 2021 when HASHAA will expire.

¹ Purchased by Queenstown Country Club and being developed as part of that development

² Was only Gazetted by the Government as a SHA in December 2018.

³ Being developed under the RMA rather than HASHAA following rezoning to BMUZ

Background to adding Ladies Mile into the Lead Policy

- 17 Council considered three agenda items before deciding to add the Ladies Mile into the Category 2 of the Lead Policy. The decisions stemmed from a Council resolution following the approval of the Queenstown Country Club which was the first development approved on the flatter, more visible parts of the Ladies Mile.
- 18 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 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.
- 19 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 bridge reaching capacity (1600 vmp) during the evening peak at 2024 or 2032 with a 10% uptake of public transport. Since this report, the far more detailed integrated transport assessment has been prepared based on the latest growth figures and traffic data (refer paragraphs 64 to 92).
- 20 The 26 October 2017 agenda item reported back to Council on what level of contribution could come to the QLCHT, how can speculation in vacant sections be prevented, and what other large tracts of land may be available to provide affordable housing at suitable cost in the district. 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"*.
- 21 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.
- 22 At the time of writing this report, Council had just announced that it had entered into a conditional contract to purchase 516 Frankton Ladies Mile Highway. It has not been possible to assess the possible impact of that prospective purchase on this SHA proposal but within the context of the masterplan included within the Lead Policy for Ladies Mile, it potentially provides options to serve an array of uses from recreation and community facilities, to education and transport in the Ladies Mile area

Criteria and process for considering SHAs

- 23 The Council considers each proposed SHA on its own merits. In addition, to the degree of consistency with the Lead Policy, other factors, such as planning and RMA matters, may be relevant to the Council's exercise of discretion to make a

recommendation to the Minister. The below process is followed when assessing the EOI:

Step 1 - An initial review by officers of an EOI to ensure it is consistent with the Council's intent, and there is sufficient information provided to assess it;

Step 2 - Seek public feedback including statutory agencies and iwi;

Step 3 - Seek comments from internal Council departments and others as necessary;

Step 4 - Report to Full Council to consider whether or not to agree in principle the establishment of an SHA;

Step 5 - Should the EOI be agreed in principle, negotiate an appropriate Stakeholder Deed that fulfils the requirements of the Lead Policy (and other matters that are deemed to be relevant) and any other outstanding matters;

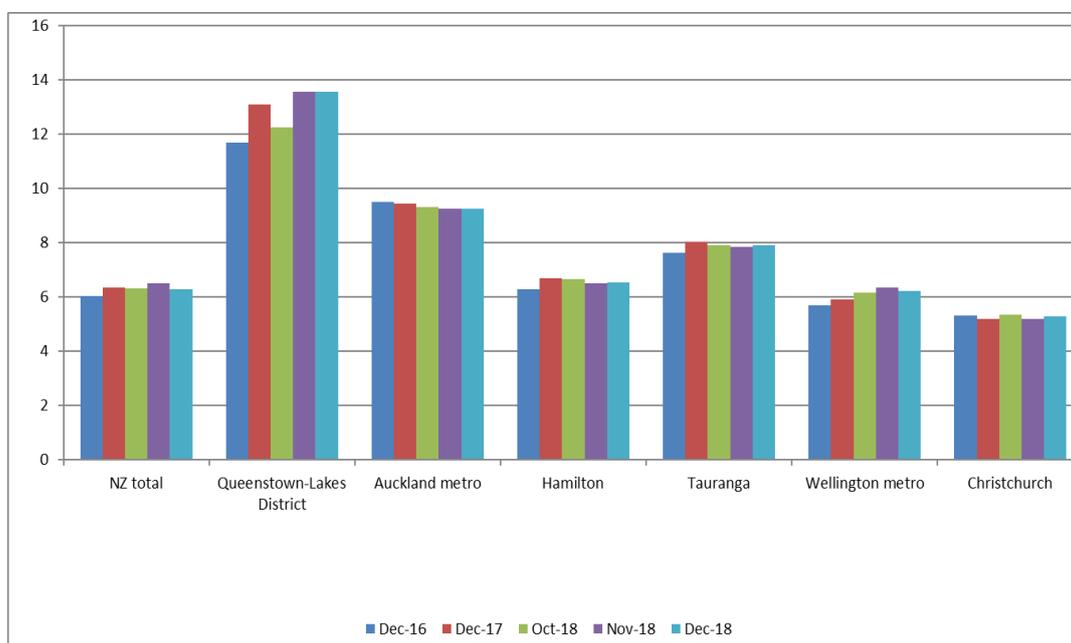
Step 6 - Council considers the draft Stakeholder Deed and makes a determination on whether or not to recommend the EOI to the Minister as a potential SHA; and

Step 7 - If a Stakeholder Deed is agreed and signed, the proposed SHA will be recommended to the Minister.

- 24 Steps 1 to 3 have been completed. This report addresses Step 4. If the EOI is accepted in principle a further report to Full Council will address Steps 5 and 6.
- 25 The EOI for the proposed Laurel Hills EOI was formally received by Council on 14 January 2019. Public feedback was sought from 1 February 2019 to 1 March 2019. This feedback has been circulated to Councillors.

The housing affordability problem in the Queenstown Lakes District

- 26 The analysis of median house price to median annual household income in Figure 1 below over December 2016 to December 2018 (the latest figures available) shows increasing rates of unaffordability for the Queenstown Lakes district. It



shows that affordability relative to income has decreased significantly over the past three years in the Queenstown Lakes district. An accepted median multiple of 3.0 or less is considered to be a “good” marker for housing affordability. All areas are sitting above this level and the Queenstown Lakes district is the most unaffordable in New Zealand at over 13.

Figure 1: Multiples of median annual household income ⁴ to median house price

- 27 The fourth quarter 2018 data based on bonds received by Tenancy Services (MBIE) shows the average weekly rent in the Queenstown Lakes district has increased to \$633, also the highest in New Zealand.

District	Average rent Q4 2018 \$/week	% change Q4 2017 – Q4 2018	% change Q4 2016 – Q4 2017
Queenstown Lakes district	\$633	14.5%	4.6%
New Zealand	\$456	5.5%	4.1%
Auckland Region	\$549	3.6%	3.6%
Hamilton City	\$395	6.1%	4.0%
Tauranga City	\$465	3.9%	5.2%
Wellington Region	\$500	9.4%	6.3%
Canterbury region	\$378	2.3%	0.7%

Figure 2: Changes in Average Rents by District (4th quarter 2018)

- 28 It is noted the *median* house price multiple and *average* rent figures above are for the whole Queenstown Lakes district, and Queenstown itself is typically the highest priced in the district, meaning Queenstown specific figures may be higher than these medians and averages.

The supply of land for housing in Queenstown

- 29 As part of the requirements for the National Policy Statement on Urban Development Capacity (NPS-UDC), the Council is required to prepare a housing capacity assessment. This was reported to Council’s Planning and Strategy committee on 10 May 2018.
- 30 The analysis of demand and feasible plan enabled capacity for housing shows that the Proposed District Plan and Operative District plan (where relevant) are able to meet all the requirements under the National Policy Statement in terms of total feasible development capacity for growth for the next 30 years. These results are based on a number of assumptions and will need to be subject to monitoring. The delivery of houses through infill and redevelopment will only make up a small portion of the new housing stock, noting that increased densities have been promoted in the Proposed District Plan that encourage this form of development.
- 31 The analysis across different price bands shows a shortfall of feasible capacity in the lower band priced housing. The analysis suggests the plans provides capacity for the market to provide a substantial share of the shortfall of houses in the lower to medium price bracket. However, because of high demand and the potential for

⁴ Median house prices as reported by REINZ. The household income for a standard household is made from one full time male median income, 50% of one female median income, both in the 30-34 age range, plus the *Working for Families* income support they are entitled to receive under that program. This standardised household is assumed to have one 5 year old child. Incomes are before tax and retrieved from the Statistics NZ / IRD LEEDS income series. LEEDS data are subject to revision.

developers to sell houses at much higher prices the market is not delivering these dwellings. The Laurel Hills housing is likely to fall into the lower band priced housing.

- 32 While the Council has done its part in ensuring enough land is zoned, it cannot be predicted when this will be developed or come to the market. The 23 June 2017 Full Council agenda item on whether to add the Ladies Mile into the Lead Policy noted that the issue is not the shortage of zoned land, but rather the low uptake of land that is zoned for development. Large zoned areas of Queenstown such as on the Kelvin Peninsula and Remarkables Park are only slowly being developed for residential housing, and both zones have been in place for around 20 years.

Description of EOI

- 33 The proposal is for a residential development of approximately 156 sections, a 4000m²+ neighbourhood reserve, and associated earthworks, roading, walking and cycling trails and associated infrastructure. The detailed EOI comprises of plans and images of the proposal, with supporting assessments from a landscape architect, urban designer and engineers. The EOI document and Appendices 2 and 8 (the key plans) are attached as **Attachment A**. All other appendices to the EOI are not included in the published version of the agenda but are available on the Council's website: <https://www.qldc.govt.nz/your-council/your-views/laurel-hills-special-housing-area/>
- 34 The total area of the site is approximately 9.4 hectares and it is adjacent to State Highway 6 and in close proximity to the urban area of Shotover Country. The land is currently zoned Rural General under the Operative District Plan, and is recommended to be Large Lot Residential A under the Panel recommendations in an accompanying agenda item. The proposal site is shown in relation to Shotover Country, in Figure 3 below.



Figure 3: Proposed SHA location within wider context

- 35 The site is subject to a private covenant that restricts building height to 5.5m above the ground level. This is a significant site constraint that restricts the ability to go beyond two stories in height, and requires earthworks to achieve two storey designs.
- 36 The Lead Policy requires a 10% contribution of the developable land area to the Queenstown Lakes Community Housing Trust (**QLCHT**). This will result in approximately 15 sections for the QLCHT.
- 37 The proposed indicative roading layout and housing and reserve locations are shown in Figure 4. It is noted the EOI is already quite detailed, however the consideration of the suitability of the roading network, design and scale of development would be thoroughly addressed through the resource consent stage.
- 38 It is important to note that Council is not being asked to assess the details of the proposal like a resource consent, but rather determine at a high level whether it would recommend the EOI to the Minister as a potential Special Housing Area. The detailed assessment will occur when subdivision and resource consents are submitted.



Figure 4: Proposed roading and reserve layout

Comment – Assessment of the Proposal against Council’s Lead Policy on SHAs

- 39 The developer has prepared an assessment of the proposal against the Lead Policy. It should be noted that consideration of the Lead Policy is not a ‘tick box’ exercise – whilst important the Lead Policy provides a framework of relevant considerations for the Council to assess proposed SHAs, other factors, such as planning and RMA matters may be relevant to the Council’s exercise of discretion to make a recommendation to the Minister. These still need to be considered in the context of the HASHAA purpose of increasing housing supply. Full discretion lies with Council on whether or not to recommend an area to the Minister to be a SHA.
- 40 An assessment of the criteria for recommending a SHA to the Minister is set out below:

Location (Point 3.1 of the Lead Policy)

- 41 The site is directly adjacent to Shotover Country, a residential area accessed off Stalker Road and located approximately 11km from central Queenstown and 3km from the approximate centre of the Frankton Flats (Pak 'n' Save). The site entrance is approximately 400m from the Shotover Country School. A range of small reserves are available in Shotover Country, and there is good access to the local trails network.
- 42 The site is listed in Category 2 of the Council's Lead Policy. Category 2 includes areas that 'may be suitable' for the establishment of SHAs, and includes the area of the Ladies Mile and certain areas in Wanaka. Ladies Mile was put into Category 2 rather than Category 1 by Council. As noted in paragraph 15 above, Council wanted to ensure the right density and type of development occurred on the Ladies Mile to facilitate public transport.
- 43 The location is consistent with the Lead Policy however the road layout does depart slightly from that envisaged. The road layout envisaged the two access points through the Kelly property located on the corner of the State Highway and Stalker Road. The EOI provides for one of these connections should the Kelly land be developed, but as Figure 4 above shows, the proposed access is at the bottom of the incline in Stalker Road rather than the top. Figure 5 below shows the site layout in the context of the Indicative Master Plan.

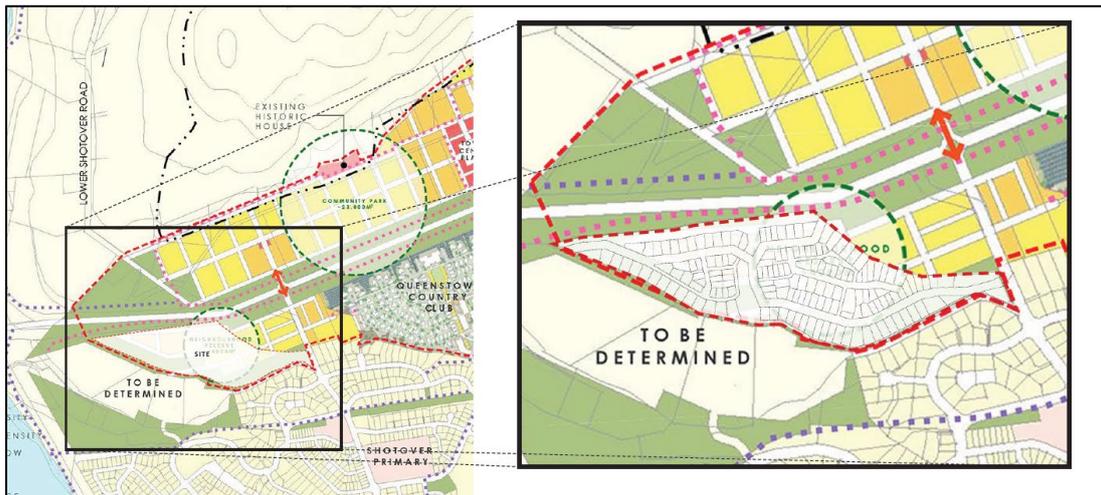


Figure 5: Site layout in the context of the Indicative Master Plan

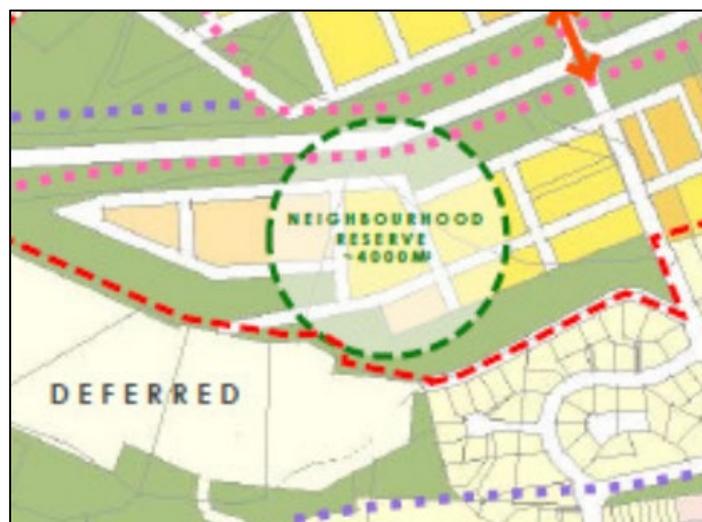


Figure 6: Extract of the site from the Indicative Master Plan

Strategic Direction (Point 3.2 of the Lead Policy)

44 The current Lead Policy specifically refers to Strategic Direction Objective 3.2.2.1 set out in the PDP as it was notified in 2015. In particular, Objective 3.2.2.1 of the PDP is listed (as notified):

3.2.2.1 Ensure urban development occurs in a logical manner:

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

45 The proposal is considered to be a 'logical' urban extension of the Shotover Country urban area, recognising the limited greenfield growth opportunities for Queenstown. Other greenfield growth options were reported to Council on 26 October 2017 when Council was contemplating whether to add the Ladies Mile into the Lead Policy.

46 The proposal is considered to be compact, well designed (at a high level) and it will be part of an integrated urban form as part of Shotover Country and the wider Ladies Mile. The alignment of the roads to provide future links to the east and west is considered crucial to ensuring adjoining land can also be interconnected without also needing separate access roads or cul de sacs.

47 If approved the proposal will result in the loss of rural landscapes, however it is not considered to be a sporadic or sprawling development because it is part of a master planned development of the Ladies Mile that physically adjoins an existing urban area. With regard to the landscape values, the land is not identified as being an Outstanding Natural Landscape but rather a Visual Amenity Landscape, is in open pasture and retains a strong degree of rural character and provides a high degree of visual amenity. The full landscape assessment forms Appendix 3 to the EOI.

48 The land features flat terraces, has good access to sunlight, is accessible from existing roads, has a low hazard risk and adjoins an existing urban area. At a high level, the site is considered to be a suitable area for urban development.

49 Overall, the proposal is considered to be well located for SHA purposes, and not contrary to the Strategic Direction Objective 3.2.2.1 as notified.

Decisions Version of Objective 3.2.2.1

50 With the release of the 'decisions on submissions' on Stage 1 of the Proposed District Plan, the Strategic Direction chapter has changed. The new equivalent Objective and related policy is set out below:

3.2.2 Urban growth is managed in a strategic and integrated manner.
(addresses Issue 2)

3.2.2.1 Urban development occurs in a logical manner so as to:

- a. promote a compact, well designed and integrated urban form;
- b. build on historical urban settlement patterns;
- c. achieve a built environment that provides desirable, healthy and safe places to live, work and play;
- d. minimise the natural hazard risk, taking into account the predicted effects of climate change;
- e. protect the District's rural landscapes from sporadic and sprawling development;
- f. ensure a mix of housing opportunities including access to housing that is more affordable for residents to live in;
- g. contain a high quality network of open spaces and community facilities; and.
- h. be integrated with existing, and planned future, infrastructure.

(also elaborates on S.O. 3.2.3, 3.2.5 and 3.2.6 following)

- 51 With regard to the first part of the policy, the location for the urban development in relation to Shotover Country and Ladies Mile is considered to be in a 'logical' location for urban development.
- 52 With regard to (a) as noted above, the proposal will still retain a compact, well designed (at a high level) and integrated urban form. Again the provision for interconnections through to adjoining land is crucial to ensure connections with adjoining land and to avoid a series of isolated cul de sacs.
- 53 In terms of (b), the proposal will arguably build on historical urban settlement patterns by extending the existing Shotover Country settlement, rather than creating a new separate township.
- 54 With regard to (c), the proposal will form part of the Shotover Country built environment. This area has desirable, healthy and safe places to live and play, but offers very little opportunity for employment, which is centred across the Shotover River in the Frankton Flats and in Queenstown. This has consequent transport implications which are discussed in paragraphs 64 to 92 of this agenda item.
- 55 With regard to (d), the site is identified as being potentially susceptible to liquefaction, however the detailed geotechnical report submitted states that this is not a risk due to the depth of the water table. Natural hazard risk is not an issue.
- 56 With regard to (e), as noted in paragraphs 47 above, the proposal is not considered to be sporadic or sprawling.
- 57 With regard to (f), the development will ensure a mix of housing opportunities that are more affordable options for residents to live in.
- 58 With regard to (h), the Laurel Hills site is part of the detailed business case area for the Ladies Mile, and can be integrated with existing and planned future infrastructure, including enhancements to the transport infrastructure, relying on programmed upgrades funded through the HIF loan facility. Transport implications and the work committed to through the Housing Infrastructure Fund Detailed Business Case are discussed further in paragraphs 64 to 92.
- 59 The proposal is not considered contrary to the decisions version of Objective 3.2.2.1.

Urban Growth Boundary (UGB)

- 60 The Panel appointed to hear submissions on the PDP have recommended that the land subject to the Laurel Hills EOI is zoned Large Lot Residential A (2000m² minimum site size) and that the land is included within the UGB (the red dashed line below):

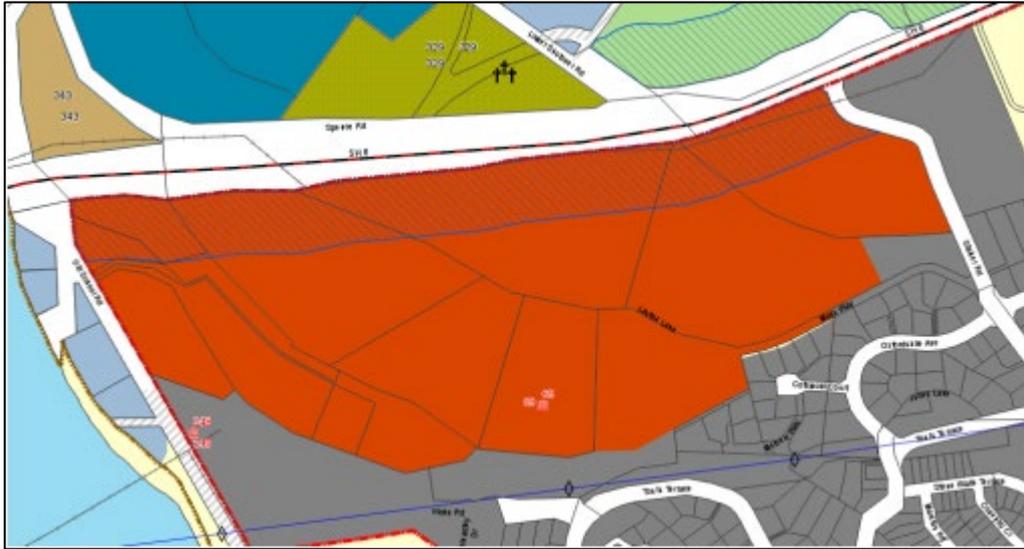


Figure 7: Proposed District Plan Panel Recommendation

- 61 The Lead Policy emphasises the establishment of SHAs within existing or proposed urban areas that are contained within the proposed UGB of the PDP. The Laurel Hills land is now within the UGB if the Panel recommendations in a separate agenda item are adopted.
- 62 Large Lot residential zoning could result in the land being subdivided into 2000m² blocks, which would typically be expensive with large houses built on them. If this zoning was acted upon rather than through the HASHAA process, the land could be subdivided into 34 lots of 2000m², and the land would be lost for full urban development.
- 63 The Panel noted that *“an urban zone and Structure Plan process would be a good outcome. However this is not one of the alternatives open to us”*⁵. Council officers sought that the land remain Rural or Rural Amenity to preserve its ability to be fully urbanised under the HASHAA (given the scarcity of serviceable land available for urban development), as once land is carved up for rural residential style development it is almost impossible to develop for urban purposes.

Infrastructure (including transportation) (Point 3.3 of the Lead Policy)

Transport / Traffic

- 64 The recently announced ‘Wakatipu Way to Go’ initiative reflects that integrating transport and land use planning in Queenstown requires the three relevant agencies to work together. Council manages land use under the RMA / HASHAA

⁵ p.17, paragraph 69, Report 18.11 – Area 1 Ladies Mile.

and local roads, whereas NZTA manage the State Highways and ORC provide public transport.

- 65 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. Other transport infrastructure is to be worked through in a Memorandum of Understanding between the three agencies.
- 66 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 which was executed on 30 September 2018.
- 67 The proposal includes a transportation assessment (Appendix 6) in two parts:
- a. Consideration of the new connections to the local transport network (Bartlett Consulting). This assessment was peer reviewed by Novo Group.
 - b. Adoption of the Integrated Transport Assessment prepared by WSP-Opus as part of the DBC for the Ladies Mile. The wider impacts of the 1100 additional houses on the Ladies Mile on State Highway 6 were specifically considered and this assessment has been adopted by the applicant given that it was approved by QLDC, ORC and NZTA. **Attachment B** is the addendum to the ITA that specifically considers the 1100 houses scenario and vehicle occupancy.

Impact on Local Transport Network

- 68 It is proposed to construct a new T-intersection from Stalker Road to serve the 156 residential dwellings. This intersection would be constructed approximately 90m to the north of the existing roundabout intersection of Stalker Road with Banbury Terrace and Oxfordshire Avenue, and approximately 250m south of the Stalker Road roundabout intersection.
- 69 The proposal includes a new footpath up Stalker Road to the roundabout, and to connect with the existing footpath network on both sides of Stalker Road. Two new bus stops are also proposed on Stalker Road to service the new development.
- 70 The new T intersection is 40m from Maxs Way, a private right of way that will only serve four rural residential lots if the EOI is recommended to the Minister. Maxs Way could potentially join the new road if the four owners were to agree.
- 71 The internal roading network has been designed to allow for extensions should adjoining residential properties one day seek consent to subdivide. In this regard the proposal is designed to not be a cul de sac and provides for an alternative entry / exit onto Stalker Road via a loop road, and for access down onto the terrace accessed off Maxs Way if that were to be developed in the future.
- 72 Providing an alternative exit out of Shotover Country via Old School Road / Spence Road was not provided for in the private plan change that created the Shotover Country Special Zone, and would now be very difficult due to existing residential development between Laurel Hills and Old School Road.

- 73 The development is likely to generate up to 1,200 vehicle movements per day, or during the 7am – 9am peak period approximately 130 vehicles per hour. The report acknowledges that in the morning peak queueing occurs past the proposed intersection, meaning an extra 130 vehicles per hour would be entering into an already congested peak time environment. This is discussed further in paragraphs 64 to 92 below relating to the wider transport network.
- 74 The applicant is exploring an option with NZTA to provide bus priority through the development, whereby buses could be prioritised and avoid the Stalker Road roundabout and access onto the State Highway through a gate or moving bollard which provides for buses only, as shown in Figure 8 below:

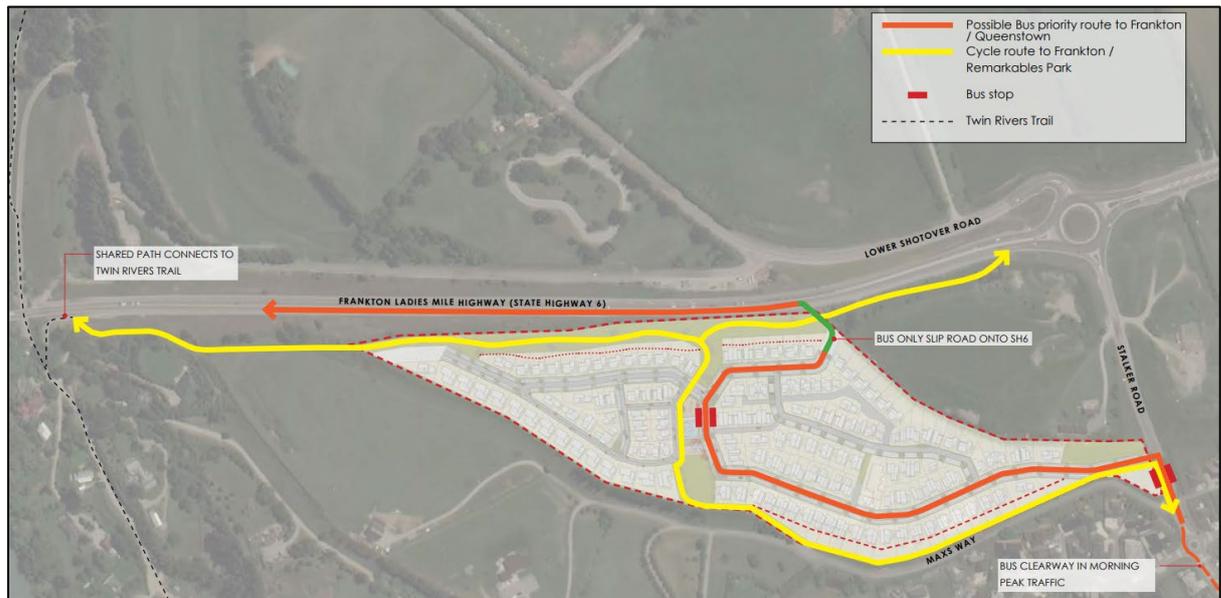


Figure 8: Possible Bus Priority Route

- 75 This option is not confirmed but could be provided for through the Deed. This would be a positive development that would prioritise buses over private vehicles.
- 76 In summary, the new intersection design provided is based on the requirements of NZS4404:2010 and the Council Land Development and Code of Practice. The internal road network has one cross section that may not meet the necessary standards (the neighbourhood street (12m)) as it does not have a footpath and would appear to serve more than 20 units. This very detailed design matter can be considered at the resource consent stage.

Wider Transport Network

- 77 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. The ITA is Appendix 6 to the EOI. The addendum is **Attachment B**. Four options were considered in the DBC, providing for 450 lots (do minimum), 750 lots, 1100 lots and 2185.
- 78 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.

- 79 The ITA is extensive and difficult to summarise, however a key driver is maintaining 1600 vehicles per hour across the Shotover Bridge. Recent surveys confirm that the pinch point in the network is in the vicinity of Shotover Bridge where the maximum traffic flow that can be accommodated in one hour is approximately 1,600 vehicles. NZTA is not supportive of any scenarios that (in combination with background growth) result in peak traffic flows of more than 1,600 vehicles at this location.
- 80 Congestion is already being experienced on the State Highway during the morning and evening peak. This has been exacerbated recently with the Tucker Beach Road intersection works, and all Quail Rise / Tucker Beach traffic having to utilise the Stalker Road roundabout.
- 81 On 17th May 2018, a vehicle occupancy survey was undertaken looking at vehicle occupancy. During the morning peak, there were 1750 people travelling westbound in 1300 vehicles.
- 82 Approximately 69% of vehicles were single occupancy. About 25% of vehicles had two people and a further 6% had three or more. The overall numbers are slightly higher during the afternoon peak travelling eastbound over the bridge, and 35% of vehicles carrying two or more people.
- 83 The ITA forecasts that Programme 3 (1100 houses) on the Ladies Mile would result in 770 vehicles above capacity at completion. To keep peak hour flows at the bridge below 1,600 vehicles per hour, a mode shift of 40% is required at Ladies Mile and Lake Hayes/Shotover Country respectively, in addition to a Park and Ride on SH6 with a turn in rate of 20%. This would require a step change in transport infrastructure, including mass transit, an increase in highway capacity or a combination of the two.
- 84 Given the high percentage of single occupancy vehicles (69%), an additional memorandum to the ITA was prepared that focused on the Programme 3 option of 1100 lots (of which Laurel Hills is 156), and factored in a *vehicle occupancy* parameter (**Attachment B**). The conclusion of the memorandum is that:
- *Construction of Programme 3 [1100 houses] at the Ladies Mile HIF site will result in traffic volumes exceeding the 1,600 vehicles/hr approximate capacity of the Shotover Bridge before the development is complete.*
 - *By investing in public transport, Park and Ride and active mode improvements, significant mode shift away from single occupancy car travel can be achieved. However, this is expected to be insufficient to reduce demand to levels below available capacity [1600 vmph]. As such, capacity upgrades are also likely to be required to enable construction of Programme 3.*
 - *There are multiple options available to increase capacity at existing bottlenecks. However, increasing general traffic capacity at the Shotover Bridge will potentially migrate congestion to critical downstream sections of the network. Constructing a new bridge or an entirely new route are also considered expensive, long-term solutions.*
 - *Adding supplementary high-occupancy vehicle lanes across the Shotover Bridge is expected to present a more cost-effective solution without causing congestion downstream. The option is expected to reduce demand across the*

Shotover Bridge by increasing vehicle occupancy as well as increasing capacity. Construction could be staged to meet demand by preceding the bridge upgrade with transit lanes on SH6 up to the bridge approaches.

- *Lower cost options include traffic signals on SH6, which could be used to meter demand arriving at the Shotover Bridge to distribute delay and queues across the corridor. Signals could also be used to provide bus priority at the Shotover Bridge merge. However, the implementation of traffic signals on SH6 is unlikely to be favourable to NZTA on the grounds of safety and efficiency.*
- *The consequence of traffic demand exceeding capacity is flow breakdown occurring, which ultimately results in longer average delays. NZ Transport Agency has indicated its objective is to minimise the increase in traffic demands from significantly exceeding the capacity of the Shotover Bridge (1,600 vehicles/hr), though the amount of acceptable delay on SH6 is not currently defined.*
- *Furthermore, the effect of peak spreading has not been assessed in detail and could lead to levels of service being maintained across the Shotover Bridge through a longer peak period.*
- *Staging of required improvements cannot be tied exclusively to the number of houses built at Ladies Mile as it is dependent on the realisation of background traffic growth rates and the rate of building achieved at the Ladies Mile site. Capacity improvements are highly likely to be required before the construction of Programme 3 is complete.*

85 As a result of the ITA (which is one part of the DBC), the proposed actions prescribed through the DBC are shown in the table below. As the above summary notes, even with the physical works identified in the table, maintaining the Shotover Bridge at 1600vmp/h requires significant behavioural changes to achieve the level of diversion to public transport and park and ride required, noting 69% of morning peak trips are currently in single occupancy vehicles. Peak spreading, where people choose to adjust their travel times to avoid the morning and evening peak times, ride sharing, and going via Arthurs Point could also reduce vehicle numbers at peak times.

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

Figure 9: Programme of works from HIF DBC

86 Rows 1 – 3 from the table above would help address the transport situation. 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. For Row 4, the Laurel Hills proposal with 156 houses, would be the trigger for the design of a park and ride facility to the east of Ladies Mile. This would have to be *constructed* at 300 houses.

Transport Summary:

87 In summary, vehicle transport infrastructure is 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. There is no plan for a second crossing of the Shotover River in the Regional Land Transport Strategy or other NZTA planning documents.

88 The Laurel Hills EOI is the first 156 of the 1100 homes provided for through the Housing Infrastructure Fund Detailed Business Case. The total of 1100 homes and background growth is forecasted to generate 770 vmph vehicles above the 1600vmph Shotover Bridge capacity at completion in 2028 unless mode shift and capacity improvements are completed. Mode shift alone is not sufficient.

89 NZTA, ORC and Council have therefore committed to programme of capacity improvements and mode shift as shown in Figure 9 above which illustrates the programme of transport work in place to provide for the 1100 houses. However even with these actions this is expected to be insufficient to reduce demand to levels below available the 1600vmph bridge capacity *at peak times*. This is also a problem for any development east of the Shotover Bridge.

- 90 The consequence of traffic demand exceeding the 1600 vmp/h bridge capacity is flow breakdown occurring, which ultimately results in longer average delays. This is of real concern to local residents.
- 91 Council will have to reconcile this with the physical limitations of roading infrastructure, the high percentage of single occupancy vehicles and the urgent need to provide more housing, given the most unaffordable house and rental prices in the country.
- 92 It must also be noted that providing housing close to employment areas such as the Frankton Flats also means alternatives to the car such as public transport and walking / cycling are feasible, whereas if the residential development occurs further out or in neighbouring towns, these options are generally not available.

Three Waters Infrastructure

- 93 An infrastructure assessment report was submitted with the EOI (Appendix 6) and this was peer reviewed by WSP-Opus who prepared the infrastructure assessment for the Council's Housing Infrastructure Fund detailed business case on the Ladies Mile. The peer review identified a range of matters requiring further attention, and the applicant then responded to the peer review matters.
- 94 If Council agrees with the establishment of the SHA in principle, a Stakeholder Deed would need to be negotiated that secures the infrastructure requirements. This would need to be reported back to Council at the 18 April meeting in order to meet HASHAA expiry timeframes.

Wastewater

- 95 Shotover Country has an existing reticulated wastewater system and the proposed development would connect by gravity at Stalker Road. It is proposed that new gravity sewer reticulation will be constructed internally to service the development. Average dry weather flows arising from the development are estimated to be 117m³ per day with a peak hour flow of 6.8 litres per second.
- 96 Amendments to the QLDC Code of Practice in 2018 reduced the average dry weather flow requirement, meaning there is now spare capacity in the existing system.
- 97 Based on meter readings taken from the Shotover Country Pump Station, the assessment initially calculated the spare capacity to be 284 residential units. This was reduced to 200 residential units in response to a different factor being recommended in the WSP-Opus peer review. The Laurel Hills proposal is for 156 residential units so can be serviced without the pipe being completely full.
- 98 The peer review noted that there is some uncertainty in that the flow readings were from 2016 and updated flow readings have been requested from Council contractors and these are being considered. The Shotover Country Waste Water Pump Station is currently servicing a consented design capacity of 970 dwelling equivalents within the Shotover Country catchment.
- 99 Emergency storage for 8 hours requires 39m³, however 60m³ of additional storage is to be provided and would provide 12 hours storage. This is estimated to cost

\$150K - \$200K and would be paid for by the developer. This amount of storage has been confirmed as acceptable by Council's Property and Infrastructure team.

- 100 The reporting therefore confirms that based on the high level assessment provided, the development can be serviced for wastewater. The additional emergency storage capacity required will be paid for by the developer and secured through the Stakeholder Deed. The Deed will also secure the costs associated with any unanticipated upgrades required as a result of the SHA.

Stormwater

- 101 There is an existing Stormwater Catchment Management Plan prepared for the Shotover Country Special Zone. It is proposed that this be updated to include Laurel Hills. The site is terraced and naturally drains towards its lowest point where it adjoins Stalker Road.
- 102 The Shotover Country reticulation was not designed to service other development areas as they were not zoned for development. The stormwater reticulation therefore will only have sufficient capacity to drain the land if the discharge enters the network after the peak flow from the Shotover Country main catchment has passed.
- 103 The concept design is for runoff from undeveloped areas (e.g. the setback from the State Highway) to be directed around the developed areas via grass swales, and then discharged to ground. A geotechnical report has assessed the soakage rates. This will replicate the pre-development runoff scenario for the undeveloped areas. Storage capacity could be provided for the 20-year annual return interval storm event on site by providing an underground gallery of 1230m³ in volume.
- 104 The developed areas will be serviced using a hybrid low impact design / sustainable urban drainage / 'big pipe' design. This will incorporate a combination of grass swales, kerbs, pipework and detention areas. The development area can be broken into smaller sub-catchments: Separate pipe networks are then proposed for each catchment. Each network will discharge either to its own disposal area adjacent the southern boundary of the site or a single combined storage area. Secondary overflow paths will be provided for in swales or road ways. Overflows will discharge to the same locations as the pre-development scenario.
- 105 The peer review raised a concern about the calculation formula used, however the response to the peer review provided updated volume calculations. By providing for the 20 year annual return interval storm event on site, the advice is that the hybrid low impact design / sustainable urban drainage / 'big pipe' design is feasible and will be able to detain storm water until the peak flows have passed through Shotover Country.
- 106 The Deed will also need to provide for alternatives such as on-site soakage devices which can be installed at the time of dwellings being constructed. The packaged systems range in size from 3.5m³ - 10m³. If buildings are to be constructed comprehensively a shared system between adjoining dwellings might be more cost effective. This system also allows for the possible re-use of stormwater for irrigation.

- 107 The Housing Infrastructure Fund detailed business case report also considered installing a new stormwater main to the Shotover River. This pipe has been proposed to be installed in the State Highway Corridor and that discussions with NZTA be initiated. The rough order of costs for the construction of this pipe is in the order of \$259K.
- 108 The Laurel Hills development could also connect to the stormwater infrastructure if considered the best long-term solution. A contribution to the capital cost of this infrastructure would then be made by the applicant proportional to their demand on this asset. Either on-site stormwater or connection to a reticulated network are feasible options for this site.
- 109 The Deed will need to provide for any contingencies are addressed by the developer to ensure a sustainable stormwater system, and provide Council with the ability to compel the developer to prepare a different stormwater disposal method should further work indicate the underground gallery system is insufficient.

Potable water

- 110 Shotover Country is served by a new 300mm water bore adjoining the Shotover River. Upgrades to the existing Water Treatment Plant at Lake Hayes Estate have also been undertaken. Shotover Country and QLDC jointly constructed a new 1,000m³ water storage reservoir on Jones' Hill, commissioned in August 2014.
- 111 This water supply system is now capable of delivering 70l/s for 16 hours per day. This equates to 4,032m³ of potable water per day. The system is connected to the existing Lake Hayes water supply scheme which provides a level of redundancy and security of supply.
- 112 A 150mm water main was extended to the Stalker Road roundabout and across the highway in early 2016. This main exists in Stalker Road adjoining the subject site. QLDC are currently designing an upgrade to this water supply scheme which involves the construction of a bore field with several new bores capable of taking 395 l/s (subject to consent). This new "on-demand" system will also include a new water treatment plant that will treat the water at the source and be pumped to areas of future development including the Frankton Flats. Works on the first stage of the water upgrade a proposed to commence from October – December 2018.
- 113 To service the proposed development, treated water from the QLDC/Shotover Country scheme would be utilised. Given the elevation of the site is lower than the State Highway intersection and 150kPa is available at that location, the Laurel Hills site will have a static pressure of greater than the minimum required 100kPa and can therefore expect to have adequate firefighting pressures.
- 114 It is noted however that the elevations are too high to achieve minimum domestic pressures of 300kPa. Therefore, either a pressure booster pump station is needed or water to be pumped to a higher-level reservoir (anticipated on Slope Hill through the HIF DBC). Laurel Hills will have to cover the cost of the booster pump and this can be covered in the Stakeholder Deed.
- 115 The HIF DBC report includes a water supply concept consisting of 2 x 1,000m³ water reservoirs to be located at an elevation of 423m. These reservoirs will service the Ladies Mile Area. Reservoirs at this elevation will provide for between 570 – 710 kPa static pressures for the Laurel Hills site.

- 116 Design work is underway on the new storage reservoirs and conceptually the HIF DBC report illustrates that treated water will be pumped from the Shotover Country Bore Field to the new reservoir up Stalker Road. It is anticipated that the required fire fighting water pressures will be available.
- 117 Further design and modelling of the water infrastructure would need to be undertaken closely with the Council to confirm availability of supply. It is anticipated that further water modelling may be needed to carry out this modelling at the next phase of design.
- 118 Any effects on the Council's wider infrastructure being the Shotover Country Bore Field and Water Treatment Plant and new Ladies Mile infrastructure will be mitigated by the development contributions paid to recoup HIF monies and through the developer providing a booster pump station if the reservoir on Slope Hill is not functional.

Geotechnical

- 119 A geotechnical report has been submitted with the EOI (Appendix 7). The report concludes the site is suitable for residential development from a geotechnical perspective provided recommendations in the report are followed. Council's hazard register identifies the site as being possibly susceptible to liquefaction, however the report concludes "no liquefaction risks are present on the site". A range of recommendations are made including setbacks from slope crests that can be imposed through conditions on any subdivision consent.

Power, Gas, Telecommunications

- 120 These services are already present in the locality and it is not anticipated that there would be any difficulty providing these to the site.
- 121 Overall, it is feasible that the proposed development can be provided with the necessary infrastructure subject to various works being undertaken. These matters can be secured through a Stakeholder Deed, including contingencies to protect Council and require the developer to provide the necessary infrastructure if the assessments provided do not prove accurate.

Affordability (Point 3.4 of the Lead Policy)

- 122 The Lead Policy puts the onus on the developer to identify mechanisms to ensure that housing developed in a special housing area addresses the district's housing affordability issues.
- 123 The EOI would help to address housing affordability generally by increasing supply in the district by providing for up to 156 smaller and more affordable additional sections / units. The EOI focuses on "affordability by design". The EOI states that this notion hinges on a number of design and locational attributes:
- Compact section sizes
 - Compact, but well designed, houses;
 - Houses that, as far as possible, utilise passive solar heating approaches to minimise winter heating bills;
 - Location near centres and places of employment, in order to reduce travel-related expenses.

124 The developer has advised that property speculation would be “minimised⁶” because:

- much of the development will be delivered by the developer and marketed to owner occupiers as house and land packages.
- a legal restriction on the use of the property for visitor accommodation, meaning purchasers will not be able to build and use the property for visitor accommodation.
- lot sales will have robust development controls that will facilitate timely completion of the entire subdivision.

125 An agenda item on preventing speculation was presented to Full Council in August 2018 when Council was considering adding Ladies Mile into the Lead Policy. As Council is aware from the Bridesdale SHA, and from its deliberations regarding whether to add Ladies Mile into the Lead Policy, it is very difficult to completely prevent speculation of bare sections and /or land and building packages. The developer may deliver them to the market at a relatively affordable rate as occurred at Bridesdale, however the on-selling can quickly escalate prices.

126 There is no easy solution to preventing speculation, although it is accepted that providing land and house packages reduces it due to the greater capital outlay required compared to just a section.

127 SHAs are a mechanism to create housing, not visitor accommodation. The developer has agreed clauses can be added to the Draft Deed to restrict short term rental/visitor accommodation to the level permitted under the future Proposed District Plan, consistent with section 3.4 of the Lead Policy.

128 The focus on affordability is through the design of the dwellings. No particular price points are specified, as was the case in other EOIs such as Hawea which went further than other SHAs on that point. However overall the affordability criteria of the Lead Policy are considered to be satisfied by the EOI.

Affordable Housing Contribution (Point 3.5 of the Lead Policy)

129 At the time of agenda cut off, the developer has made an offer to the QLCHT that comprises 4,453m² of land, subdivided and serviced with necessary earthworks completed for 15 titled lots. The lots are designed for ten 3-bed villas, and five 2-bed townhouses.

130 This offer is 8.1% of the developed land area and therefore does not quite meet the required 10% in the Lead Policy, however carrying out the earthworks for each lot so they are ready to build on is at a significant cost to the applicant. This matter will be verbally updated at the meeting. If the EOI is accepted in principle, the details of this would be negotiated and form part of the Deed that would be reported back at a Full Council meeting.

Community Feedback (Point 3.6 of the Lead Policy)

131 HASHAA does not set any statutory responsibilities in terms of consultation on the establishment of SHAs. However, the Council has sought public feedback / comment on all SHA proposals. Should the SHA be established, the subsequent

⁶ p.26 of EOI

resource consent can be served on adjoining land owners if they are deemed to be affected. Full public notification is not provided for.

132 The EOI was placed on the Council's website on 31 January 2019, which is consistent with how other SHAs were considered. Feedback closed on 1 March 2019 and will be collated and provided to Councillors and made public prior to the Council meeting.

Quality and Design Outcomes (Point 3.7 of the Lead Policy)

133 'High Quality Residential Development' is defined in Attachment C to the Lead Policy. Four facets are highlighted that are commented on below. The proposal includes a full urban design assessment that covers the criteria set out in the Lead Policy, as part of Appendix 4 to the EOI.

a. Integrating into the neighbourhood:

The proposal is directly adjacent to the Shotover Country development and the scheme seeks to connect at Stalker Road. Footpaths will connect to the existing network. The development has proposed its own public reserve which is centrally located within the Laurel Hills development, but could also be used by other Shotover Country residents. The development provides for connection through to the Kelly land (on the corner of Stalker Road and SH6), as well as the terrace below and this could potentially connect through to Old School Road.

b. Creating a place

The site is distinctive due to the two main terraces. The style of housing will be noticeably different to Shotover Country which is almost exclusively detached dwellings. The colours and materials of future buildings will be important to ensure appropriate building designs and materiality.

c. Street and Home

The 'Architectural Briefing' (Appendix 8 to the EOI) contains details of the type of dwellings, and the landscape assessment includes cross sections of the proposed streets (Appendix 3 to the EOI) that illustrate the future street design and integration of carriageway, on-street parking, street trees and footpaths. The use of indented parking bays will also assist to visually narrow the street.

The proposed cross section of the 'Neighbourhood Street' does not include footpaths and has 90 degree parking. This shared space type arrangement will need to be carefully considered at the detailed design phase.

d. Environmental Responsibility

Most of the site has very good access to sun throughout the year which will assist with ensuring buildings are dry and easier to keep warm with opportunities for solar gain. Individual lots are capable of having on-site gardens. This aspect is not a particular focus of the EOI.

134 Overall the EOI is based on an 'affordability by design' approach. The design is deliberately 'permeable' which assists with facilitating walking and cycling and

reducing car dependence. The design positively responds to the urban design principles set out in the Urban Design Protocol and the design outcomes specified in Attachment C of the Lead Policy.

Parks and Reserves

135 As a greenfield development, the development will need to comply with the Council’s Parks and Open Space Strategy 2017 (**POSS**). A ‘local park’ is proposed (formerly known as a neighbourhood reserve) shown in Figure 10 below and includes a playground, half basketball court, barbecue area and grassed open space:



Figure 10: Schematic of Proposed Local Park

136 The POSS states for Local Parks:

TYPE	PROVISION GUIDANCE
Local Park	<p>Each local park requires a minimum of 0.3ha of open space in greenfield developments. This should be of a configuration that provides transition / buffer space from adjacent roads and housing and contains a flat kick-around space of approximately 30 by 30m.</p> <p>Residents should have access to a local park within a 600m walk (approximately 5 to 10 minutes)</p> <p>A local park is required for every 400 household units in greenfield developments.</p>

137 Council’s Parks and Reserves team have reviewed the EOI and note the reserve is consistent with the ‘Local Park’ definition under the POSS. The reserve is centrally located and meets the overall size and dimension (30m by 30m) requirements for an informal ‘kick around’ space. The feedback notes:

Over all the reserve does take on a linear form and bound by roads, therefore it is important that the design details as submitted are retained as if the reserve area is

reduced in width it may be too narrow to provide for quality passive recreation. If a bus stop is located directly adjacent this may also impact the usability of the reserve.

138 The detailed design of open space can be considered further at the subdivision stage, should the area be made a SHA. This requirement can also be included in a draft Deed. The exact location of the proposed central bus stops is also a detailed design matter that can be worked through at the detailed design stage.

Timely Development (Point 3.8 of the Lead Policy)

139 The developer has confirmed that they are motivated and willing to develop as soon as possible. The requirement to proceed in a timely manner would form part of the Stakeholder Deed.

140 As the HASHAA is a resource consent only, and not a rezoning, they are a 'use it or lose it' type system, as evidenced by almost every other approved SHA currently being under construction.

Agency Responses

Ministry of Education (MoE)

141 The MoE feedback notes that the Shotover Primary School has experienced rapid growth and is approaching its capacity of 900 students (construction is underway to enlarge the school for this number at present). The Laurel Hills EOI could generate 45-50 students, which is not an insignificant number in terms of the school roll. Laurel Hills will result in an increase in the school role which is already under pressure. The cumulative effect of Laurel Hills and other EOIs is of concern.

142 The Ministry notes that it is now needing to, in conjunction with Council, develop a clear plan for provision of new primary schooling on the Ladies Mile. This will involve the need for the Ministry to bring forward anticipated funding for a new school site.

143 Officers are aware of discussions around locations for new schools. The Indicative Master Plan did not attempt to 'pick the school' site (as this is a matter for MOE) but Attachment B to the Lead Policy notes that relevant infrastructure includes 'education'. The MOE have not stated that the Shotover Primary School is unable to cope with the Laurel Hills EOI, but have clearly signalled work is underway on a plan to acquire land for a future primary school.

New Zealand Transport Agency (NZTA)

144 NZTA has provided feedback (**Attachment C**), noting that the Queenstown Integrated Transport Programme Business Case provided a recommended programme that is expected to improve the transport system through improved transport choice and level of service for all modes. An agreed set of interventions has been agreed through the HIF business case. The staged infrastructure improvements are to specifically ensure the potential traffic effects of residential development are mitigated.

145 It is acknowledged that the NZTA continue to have concerns about the longer term operational capacity of the transport system in this part of the Wakatipu Basin, particularly given the growing volume of residential development on the eastern side of the Shotover River. The 'Wakatipu Way to Go' initiative and the MOU to

be signed between the three agencies to deliver much of the HIF programme of works means that NZTA will play a key role in ensuring the transport system is fit for purpose.

146 The NZTA request that the following should be included as part of the proposed development:

- a. The development design should include a potential State Highway bus only access for both the inbound and outbound movement of buses;
- b. The roading layout shall be of sufficient width to safely and efficiently accommodate buses through the development
- c. The new footpath connection proposed on the eastern side of Stalker road should be replicated on the western side of Stalker Road.
- d. Shared paths do not currently connect (noting that a later plan was submitted showing the required connections to the existing trail network).

Otago Regional Council (ORC)

147 The ORC has provided initial feedback for this proposal. The ORC has no concerns regarding hazards and suggests further discussions regarding public transport use of the proposed bus stops / possible bus priority route. The key concern for ORC is the level of stormwater treatment proposed, noting no treatment for hydrocarbons or heavy metals is proposed, and the Low Impact Design measures are deemed too costly to be implemented.

148 The ORC acknowledge the level of detail provided at the EOI stage makes it difficult to provide specific comment and suggest an assessment of environmental effects of stormwater, which covers whether the proposed protection (20 year annual return interval as primary protection; 100 year ARI as secondary protection) is adequate in the context of that area, and what would be the effectiveness of their proposed treatment to the quality of stormwater, including at first flush. For a new greenfield development, ORC would encourage the best forward thinking design is utilised as once the infrastructure is installed, it is very difficult to retrofit any improvements.

Wakatipu Trails Trust (WTT)

149 Feedback has been received that the WTT would prefer a grade separated Stalker Road roundabout that would provide access from Laurel Hills to the Shotover River trail via Spence Road, rather than the steeper and more direct option put forward in the EOI down the State Highway embankment. This grade separated roundabout would also substitute for the pedestrian underpasses to be funded through the HIF DBC. This feedback is accepted however creating a grade separated roundabout at Stalker Road is not something Laurel Hills can be required to do and the direct routes proposed (while steep) in places are consistent with the Indicative Master Plan which sought to provide direct commuter routes as well as more recreational routes.

Aukaha (formerly Kai Tahu Ki Otago) and Te Ao Marama Inc. (TAMI)

150 Aukaha have written confirming they do and have no opposition to the proposal. They note that the development is in the vicinity of Ara Tawhito, an ancient trail, and an accidental discovery protocol should be adhered to by earthworks and civil contractors. Degradation of waterways is a further concern and the margins of Kimi-aka (Shotover river) should be protected from contamination. A stormwater management plan and monitoring regime is requested by both contractors and QLDC staff to ensure the waterway is not compromised. It is requested that consideration be given to an indigenous planting regime, which already forms part of the EOI.

151 TAMI comments have not been received at the agenda deadline and will be reported to Council at the meeting.

Planning Considerations

152 When the Minister considers a recommendation from a local authority to establish a particular area as an SHA, the Minister is required to consider whether:

- *adequate infrastructure to service qualifying developments in the proposed special housing area either exists or is likely to exist, having regard to relevant local planning documents, strategies, and policies, and any other relevant information; and*
- *there is evidence of demand to create qualifying developments in specific areas of the scheduled region or district; and*
- *there will be demand for residential housing in the proposed special housing area.*

153 Other than considering these matters for the Minister, HASHAA provides no guidance by way of specified criteria on what other matters local authorities may consider when deciding whether or not to make a recommendation to the Minister on potential SHAs. In particular, it does not indicate whether it is appropriate to consider 'planning issues', such as landscape, District Plan provisions, and previous Environment Court decisions.

154 However, the High Court in *Ayrburn Farm Developments Ltd v Queenstown Lakes District Council* [2016] NZHC 693 confirmed that:

"...the HASHAA gave both the Minister and a local authority a discretion and, clearly, the actual location of areas of land to be recommended (and to that extent what could be described as planning or RMA matters) were always appropriate considerations in any such recommendation".⁷

155 While these considerations are relevant, Council's decision-making should remain focussed on the purpose and requirements of HASHAA and how to best achieve the targets in the Accord⁸. While the weight to be afforded to any consideration – including the local planning context – is at the Council's discretion, HASHAA considerations are generally considered to carry more weight. The purpose of HASHAA has been set out in paragraph 6 of this report.

⁷ Paragraph 56

⁸ The target for 2019 is 1300-1400 approved sections and building consents

156 In theory, all or most proposed SHAs are likely to be contrary to an ODP / PDP provision – an EOI would not be made for a permitted or a controlled activity. In this case the proposal is contrary to the ODP and PDP zoning but as the assessment above has indicated, is not contrary to the key Strategic Direction policy for urban development being directly adjacent to an existing urban area and on its merits is considered to be a logical urban extension to Shotover Country.

157 The proposal will provide for additional housing on land that is considered suitable for residential development. Council’s Housing Affordability Taskforce report also agreed that *“unless we dramatically change the scale of the approaches used, it will be difficult to realise the vision and achieve the goals; we will miss the mark if we have simply doubled the last 10 years affordable delivery in the next ten years”*.

158 The proposal is considered to be at the scale necessary to make a meaningful difference to housing supply and a meaningful contribution to the QLCHT.

RMA Plan Change vs SHA process

159 The HASHAA legislation was specifically introduced to help create additional housing supply, recognising that the planning system is one of the many causes of New Zealand’s housing crisis which is being experienced most acutely in the Queenstown Lakes district.

160 The HASHAA is a lawful means of providing for additional housing supply. However if the HASHAA was not available, the applicant would have to seek resource consent or seek a private plan change (the Shotover Country Special Zone is not part of Stage 3 of the PDP). The table below summarises the timeframes and extent of public involvement in the three different processes (seeking a resource consent is not a realistic option):

	HASHAA Consent process	RMA plan change process
Estimated timeframes for paperwork & process from start	6-9 months	12-18 months (if no appeals) 2 – 2.5 years if appeals
Estimated minimum timeframe for occupation of first houses from today	12-18 months	24 – 36 months
Steps if approved	<ul style="list-style-type: none"> - Council recommends to Minister, - Minister approves and then Gazettal as a SHA. - Resource consents then lodged. - May be limited notified to neighbours - Decision made 	<ul style="list-style-type: none"> - Prepare variation & s.32 cost benefit analysis, - Report to Council - Notify for submissions - Notify for further submissions - Public hearing - Appeals - Decision made - Lodgement of resource consents

Conclusion

- 161 In recommending the SHA to the Minister, the Council has to be satisfied that the proposal is consistent with the principles espoused in the Lead Policy. Like virtually every SHA recommended to date, the proposal is contrary to the Operative and Proposed District Plans as the land is zoned Rural General / Large Lot Residential A, but is now within the Urban Growth Boundary.
- 162 The proposal is focused on providing housing that falls into the more affordable category within the Queenstown Lakes district (1 to 3 + bedrooms).
- 163 The district is facing a severe housing crisis in terms of rental costs and house prices being the highest in New Zealand, and the EOI would provide additional supply in a timely fashion. The proposal is considered to be consistent with the Lead Policy and Indicative Master Plan.
- 164 The proposal can be serviced subject to HIF upgrades or through requirements in the Stakeholder Deed.
- 165 The proposal will add further vehicles to a roading network that already experiences congestion at peak times. An ambitious programme of work has been agreed to try and address the high level of single occupancy vehicles and increase capacity of the State Highway network.
- 166 As noted above, the Council will have to reconcile putting further residential development into an area that is currently congested at peak times, with the HIF programme of transport work which seeks to improve the transport system through improved transport choice and level of service for all modes.
- 167 The recommendation is that the Council approve the EOI in principle subject to a Stakeholder Deed being negotiated.

Options

- 168 Option 1: Approve in principle the establishment of the Laurel Hills SHA subject to the negotiation of a Stakeholder Deed.

Advantages:

- 169 Helps contribute to achieving the purpose of the HASHAA, advancing the principles and priority actions in the Housing Accord, and helps the Council to achieve the housing targets in the Housing Accord by enabling much needed new housing supply to be constructed.
- 170 Generates a number of social and economic benefits (both short term and long term) such as the creation of jobs during the construction phase and long term benefits relating to the increased provision of the supply of a range of houses, particularly in the affordable bracket;
- 171 Provides the opportunity for a Stakeholder Deed to be negotiated ensuring that the proposal is consistent with the Lead Policy and can be appropriately serviced, thus reducing the overall risks to Council;

172 Would help create competition in the housing market for sections between Hanley's Farm, Shotover Country and other SHAs, potentially driving section prices down.

173 The proposal has been assessed as being consistent with the specific policy for urban development in Council's Strategic Directions chapter for both the PDP as notified, and the recently released decisions version.

174 Recognises a programme of work is in place to address traffic congestion.

Disadvantages:

175 Will increase traffic movements onto Stalker Road and State Highway 6 which already experiences congestion at peak times, resulting on longer average delays.

176 Less public participation (submissions and appeals) under a HASHAA consent than a RMA consent or RMA plan change.

177 Not consistent with the ODP or PDP, including the recent recommendations of the Hearings Panel.

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

Advantages:

179 Will not increase traffic movements onto Stalker Road and State Highway 6 which already experiences congestion at peak times. Average delays will not increase.

180 Would require the developer to seek consent or a plan change under the RMA rather than HASHAA, with the RMA having greater opportunities for public submission and appeal.

181 Would be consistent with the ODP and PDP which zone the land as rural and would maintain the land in its current state as open pasture.

Disadvantages:

182 Would mean the HIF loan facility for infrastructure and some transport upgrades is not available as no new housing would be provided.

183 Would forgo the opportunity provide a housing option for the Queenstown area aimed at the more affordable end of the market, and potentially impact on Council's ability to meet its commitments under the Accord.

184 Would forgo the short term and long term social and economic benefits offered by the proposed (outlined above) including a bus priority option and enhanced walking and cycling facilities.

185 Would not result in a 10% contribution (15 lots) to the QLCHT.

186 This report recommends **Option 1** for addressing the matter.

Significance and Engagement

187 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 critical 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, HAT report and consistent with the Council's Lead Policy. The proposal is not consistent with the ODP and PDP.
- 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, wastewater and stormwater.

Risk

188 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 if the current and future development needs of the community (including environmental protection) are not met.

189 The recommendation mitigates the risk because the supply of housing is critical to the current and future development needs of the community. The provision of more affordable house and land packages (including those specifically targeted at first home buyers) mitigates the risk. The subsequent resource consent assessment process under the HASHAA also provides the opportunity for further mitigation of the risk, particularly with regard to environmental protection.

Financial Implications

190 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.

Council Policies, Strategies and Bylaws

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

- Lead Policy for SHAs;
- The Operative District Plan;
- The Proposed District Plan (Stage 1 decisions version);
- Recommendations of the Hearings Panel for Stage 2
- Mayoral Housing Affordability Taskforce Report.
- Growth Management Strategy 2007;
- Housing Our People in our Environment Strategy;
- 2017/2018 Annual Plan and the draft Long Term Plan; and

192 This matter is included in the 10-Year Plan/Annual Plan. The three Housing Infrastructure Fund projects are fully budgeted for in the LTP.

Local Government Act 2002 Purpose Provisions

193 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. The recommended option:

- a. 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 increased levels of residential development on the proposal site;
- b. The three HIF projects are fully budgeted for under the 10-Year Plan and Annual Plan;
- c. Is not consistent with the Council's Operative or Proposed District Plans but is consistent with other policies such as the Housing Accord, Lead Policy and HAT report; and
- d. Would not alter the intended level of infrastructural service provision undertaken by or on behalf of the Council.

194 Section 80 of the Local Government Act covers situations where a decision is significantly inconsistent with a policy or plan:

80 Identification of inconsistent decisions

(1) If a decision of a local authority is significantly inconsistent with, or is anticipated to have consequences that will be significantly inconsistent with, any policy adopted by the local authority or any plan required by this Act or any other enactment, the local authority must, when making the decision, clearly identify—

- (a) the inconsistency; and
- (b) the reasons for the inconsistency; and
- (c) any intention of the local authority to amend the policy or plan to accommodate the decision.

195 With regard to (a), the inconsistency is between the Operative and Proposed District Plans which zone the land Rural and Large Lot Residential A, and the recommended decision which is that the area be recommended to the Minister, and would result in the land being developed for housing.

196 With regard to (b), the reasons for the inconsistency is the recommendation of officers to adopt the recommendations of its Hearings Panel, for Stage 2 of the PDP.

197 With regard to (c), the Shotover Country Special zone will be looked at comprehensively when it is due for review on its ten year anniversary.

Consultation: Community Views and Preferences

198 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 subsequent resource consent may be limited notified to neighbouring parties. The developer has consulted with directly adjoining neighbours who utilise Maxs Way.

Legal Considerations and Statutory Responsibilities

- 199 The purpose of the HASHAA is detailed in paragraph 6 of this report. HASHAA provides limited guidance as to the assessment of potential SHAs, beyond housing demand and infrastructure concerns. HASHAA is silent on the relevance of planning considerations; however the Council's legal advice is that these are relevant considerations and this has been confirmed by the High Court. 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.
- 200 The Council will need to consider the consistency of any decision to recommend this SHA to the Minister and the recommendations of its Commissioners on the PDP (also being considered on 7 March 2019 agenda) which include the Laurel Hills site within the urban growth boundary but zone it for Large Lot Residential A purposes rather than urban.
- 201 The proposal is considered to be consistent with the Lead Policy and its Indicative Master Plan, the Housing Accord and the purpose of the HASHAA. Allowing development on the EOI sites would inevitably change the rural character of this area and result in additional traffic utilising Stalker Road and the State Highway which experiences congestion at peak times. A programme of transportation improvement work is in place for the Ladies Mile, and this is one of the key issues that Council needs to consider in recommending the proposal to the Minister.

Attachments

- A** Laurel Hills SHA Expression of Interest & Appendix 2 (Scheme Plan) and Appendix 8 (Architectural briefing) - all other appendices available here:
<https://www.qldc.govt.nz/your-council/your-views/laurel-hills-special-housing-area/>
- B** Addendum to Integrated Transport Assessment specifically considering vehicle occupancy for 1100 houses
- C** NZTA feedback