

**QLDC Council  
28 August 2014**

**Report for Agenda Item: 8**

***Department:***

**Planning and Infrastructure**

**8: Queenstown Housing Accord**

**Purpose**

- 1 To present the Queenstown Housing Accord for Council's approval.

**Recommendation**

- 2 *That Council:*
  - a. **Approve** the Queenstown Housing Accord for submission to the Minister of Housing.

Prepared by:



Matthew Paetz  
District Plan Manager

21/08/2014

Reviewed and Authorised by:



Marc Bretherton  
General Manager Planning and Infrastructure

21/08/2014

**Background**

- 3 The housing affordability issue in the Queenstown Lakes District is well documented. The implications of this issue are also well recognised. High housing costs are likely to adversely affect the economic performance of the District, and also result in social issues.
- 4 At a national level, the Government's recent policy response to the housing affordability issue has been largely, although not exclusively, driven through enabling more housing supply. The legislative mechanism to achieve this goal is the Housing Accords and Special Housing Areas Act 2013 (HASHA).

- 5 The Queenstown Lakes District was added to Schedule 1 of HASHA in June 2014. Once a district is added to Schedule 1, the process of developing and reaching agreement on a Housing Accord is initiated.
- 6 Housing Accords establish how the Crown and Council will work together to achieve the purpose of the Act. Once a Housing Accord is established, the Councils can use the regulatory powers provided under the Act. These powers include being able to recommend Special Housing Areas (SHAs) to the Minister of Housing, and administration of the streamlined regulatory processes that the Act provides for.
- 7 SHAs are the primary mechanism through which the broad objectives and specific targets of the Housing Accord will be achieved.
- 8 Housing Accords must satisfy some mandatory requirements. Section 11(1) of HASHA identifies that a Housing Accord must:
  - Set out how the parties intend to work together to achieve the purpose of the Act
  - Set out agreed targets for residential development
  - Provide for either party to terminate the agreement.
- 9 The creation of SHAs occurs after the Housing Accord is agreed. Some preliminary consideration has been given to potential areas for SHAs and some analysis of mechanisms to encourage development has occurred. This has been for the purpose of arriving at achievable targets.
- 10 Further investigations will occur with regard to the creation of SHAs. This will include infrastructure assessment. It is anticipated that a public consultation process on proposed SHAs will occur, which may involve an invitation for expressions of interest from land owners / developers. It is assumed that a decision on identification of SHAs will be required of Council, prior to recommendations being made to the Minister of Housing.
- 11 During negotiations with the Ministry of Business, Industry & Employment (MBIE), Council officers requested that a clause be included in the Accord requiring SHAs to comply with the Proposed District Plan, anticipated to be notified in May 2015. This request was based on the fact that the Auckland Housing Accord contains this requirement, and provides for stronger alignment between District Plan and Housing Accord process.
- 12 In addition, the commencement of the Auckland Housing Accord was subject to notification of the Proposed Auckland Unitary Plan. This ensured there was no period within which applications in SHAs would be considered without the context of the Proposed Plan provisions.
- 13 MBIE officials responded noting that the context of formulating the Auckland Housing Accord was very different to subsequent Housing Accords across New Zealand. In particular, HASHA was only a Bill when the Auckland Housing Accord was developed, and there was lack of certainty as to the final content of the legislation. MBIE officials advised that HASHA sets out the Proposed

District Plan as an assessment matter for resource consent applications made in SHAs, hence such a clause is not required in the Housing Accord. However this does not address the issue of timing in terms of alignment between SHAs and notification of the Proposed District Plan.

- 14 To address this issue, it is proposed that potential SHAs are considered by Council in December 2014. This aligns with Council consideration of the Residential chapter of the Proposed District Plan. Community consultation could then occur in January / February 2015, with a decision on the first tranche of SHAs considered by Council in March / April 2015. This will broadly ensure that the SHAs are approved around the same time that Stage 1 of the Proposed District Plan is notified in May 2015.
- 15 Key considerations for SHAs include appropriate building height limits, and requirements around the provision of smaller house types and allotment types. These requirements are likely to vary between SHAs.
- 16 SHAs cannot contain planning or urban design requirements beyond those outlined above. This is where Council in its assessment of applications will refer to Proposed District Plan provisions, noting that these have less statutory weight than the core purpose of HASHA which is to increase housing supply.

## Comment

- 17 It is not mandatory for a Council to enter into a Housing Accord. However in the event that an Accord does not exist, or cannot be agreed between a Council and the Crown, the Act does provide the Minister with the ability to create SHAs independently of the local authority.
- 18 Therefore, in terms of the decision in this Council Meeting, the Council has two options:
  - To approve the Housing Accord
  - Not to approve the Housing Accord
- 19 The recommendation of this report is for approval of the Housing Accord. In arriving at this recommendation, the pros and cons of the Housing Accord have been assessed:

Pros	Cons (and mitigation)
Addresses root cause of housing issue: Housing Supply.	Whilst addressing a major cause of the housing issue, does not address other causes; e.g. building costs (noting these are being addressed in other government work programs).
Removes key planning and process barriers to more readily enable supply.	Reduces participation and rights in the planning process by eliminating public notification process in SHAs, and preventing appeal of decisions.

Pros	Cons (and mitigation)
Provides opportunity through SHAs to mandate different housing and section sizes to address affordability, which is very difficult through District Plan approaches.	Will place some pressure on Council staff resources, and infrastructure. Appropriate commitment to resourcing, investment and network master planning is required.
Provides an agreement between Council and the Crown which safeguards against the potential for unilateral decision making from the Crown with regard to SHAs.	Does not guarantee participation by developers. However no reasonable policy approach can compel development.
Helps enable achievement of Council's strategic planning goals by incentivizing medium and high density housing close to town centres.	The primacy of HASHA over RMA and the District Plan may limit Council's ability to demand good design outcomes, as housing supply has more statutory weight in assessments than urban design. Careful thought will be required as to how to ensure a reasonable balance is struck between enabling housing supply and ensuring good design outcomes. Strong grounds are likely to exist to decline poorly designed proposals, however decision making may be less clear cut for proposals of average quality but which contribute a significant number of dwellings.
May generate a significant short term boost to the local economy.	The Housing Accord may receive negative community responses (in addition to positive ones). The provision of sound and balanced information and data will be required to address this.

- 20** In summary, the benefits derived from the Housing Accord are considered to significantly outweigh the cons, all of which can be mitigated to varying degrees.
- 21** The housing targets, which focus on the Wakatipu Basin where the housing issues is considered to be most acute, are central to the Housing Accord:

Housing supply	Aspirational targets		
	Year 1	Year 2	Year 3
Total number of sections and dwellings consented	350	450	500

Note: Sections measured at point of resource consent and dwellings measured at building consent.

- 22** The housing targets have been arrived at following extensive analysis of the supply and demand characteristics of the local housing market and discussions with staff of MBIE. The targets have been developed with regard to:
- Recent historical data for building and resource consent approvals.
  - Resourcing capacity of Council as regulatory authority
  - Capacity of the development sector
  - An assessment of population projections and housing demand (for both permanent and second homes)
- 23** The targets are framed as aspirational in the Housing Accord. Whilst they are considered to be 'stretch targets', they are also considered to be achievable. There is flexibility with regard to monitoring achievement against the targets and there is no sanction for not achieving the targets.
- 24** The targets will be reviewed periodically as per the Accord. This is necessary as there may be factors outside of Council's control that influence performance against the targets (e.g. a slump in the housing development sector).
- 25** It is noted that the targets apply over 3 years. There is the ability for this period to be extended by an additional 2 years, in the third year of the Housing Accord.

### **Financial Implications**

- 26** It is anticipated that once SHAs are established, there will be significant interest from the development community and a consequent increase in building and resource consent applications. Consideration may need to be given to recruitment of additional building / resource consent processing resources. This cost should be off-set by the additional revenue that this activity creates.
- 27** In assessing potential SHAs, a detailed understanding of infrastructure capacity will be required and any potential upgrades (and associated costs) considered in detail.

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

- 28** The LGA purpose provisions (ss10, 11, 11A), summarised below, have been considered:
- Activity (local democracy, infrastructure, local public services or performance of regulatory functions);
  - Quality (efficient, effective and appropriate to present and future circumstances); and, or
  - Economic (most cost-effective for households and businesses).
- 29** The proposed Housing Accord with Central Government aims to achieve social and economic gains by facilitating the improved supply of housing opportunities in the District. This requires excellent regulatory services and strategic planning of network infrastructure to support the initiative.

- 30** It is noted that SHAs reduce the potential for public participation in the planning process where the SHAs are applied. This is due to the fact that resource consent applications made in SHAs cannot be publicly notified, and there are no appeal rights on decisions. Matters of process can be challenged by way of judicial review. For example, where Council in its assessment as to who is affected, may decide not to proceed with limited notification in relation to an adjoining neighbour.
- 31** However, this can be mitigated to a degree by undertaking public consultation on potential SHAs, and setting parameters around maximum building height and general expectations as to development quality. Furthermore, limited notification of applications made in SHAs is possible. Thus those parties likely to be most affected by development proposals are able to participate in the planning process.

### **Council Policies**

- 32** The following Council Policies were considered:
- Growth Management Strategy
  - Queenstown Lakes District Council 10-Year Plan – 2012/2022
  - Annual Plan 2014/15
- 33** In addition, investigations relating to the development of the Housing Accord have proceeded in parallel to the review of residential policy as part of the District Plan review.

### **Consultation**

- 34** To date no Council-initiated consultation has occurred in the development of the Housing Accord. MBIE has discussed the proposition with key stakeholder agencies such as NZTA and the Ministry of Education, and has consulted with some members of the local construction / development sector.

### **Publicity**

- 35** Liaison will be required with the office of the Minister of Housing with regard to public communications.

### **Attachments**

- A Draft Queenstown-Lakes Housing Accord Version 1.5, August 2014