

**QLDC Council
17 August 2017**

Report for Agenda Item: 1

Department: Planning & Development

Feedback received on proposed amendments to the Council's Lead Policy for Special Housing Areas to include the Ladies Mile

Purpose

- 1 To report on feedback received on the proposal to add the Ladies Mile area (including an Indicative Master Plan) into Council's Lead Policy for Special Housing Areas so that Council can make a decision on whether to include the area in its Lead Policy.

Executive Summary

- 2 Following Council's resolution of 23 June 2017, this agenda item reports back on feedback received over the period of 26 June to 26 July 2017.
- 3 The Council received 310 responses to the proposal with a range of views for and against.
- 4 Comments included invariably those who consider the location highly suitable through to those who are adamant it is not. The need for more housing was raised in favour of the proposal while others cited the loss of rural character and amenity, and the potential for further traffic congestion as negatives. Some felt the Queenstown Country Club already set a precedent for development and the opportunity for additional affordable housing was a positive. The impact on the Ladies Mile Pet Lodge was also raised as a concern. All comments have been published on the Council's website.
- 5 Since the 23 June 2017 agenda item, the Council has been successful in its application to the Housing Infrastructure Fund for funding for infrastructure on the Ladies Mile. Council's evidence on the Proposed District Plan has also confirmed there is enough zoned land for residential development out to 2048, however the district has an issue with the extremely low uptake of the land that is zoned for development and the proportion in a small number of ownerships.
- 6 The recommendation reflects consideration and weighting applied to of a number of matters outlined in the report, including but not limited to the various arguments for and against raised through the public feedback.

Recommendation

That Council:

1. **Note** the public feedback.
2. **Include** the Ladies Mile Area in Category 2 of the Lead Policy [as shown in **Attachment A**], by the addition of the following documents as appendices to the Lead Policy:

- a. an Indicative Master Plan; and
- b. an Indicative Landscape Strategy; and
- c. the Ladies Mile Development Objectives,

3. Approve the following changes to the Lead Policy following public feedback:

- a. Reduction in total potential yield from a maximum of 2224-2874 residential units to 2185;
- b. Addition of a new criteria to the Lead Policy for a 'policy pause' when the number of qualifying development resource consents lodged for residential units exceeds 1100;
- c. Re-instatement of the public feedback stage for each expression of interest lodged for a SHA on the Ladies Mile;
- d. Removal of specific areas identified for reserves, and replacement with indicative areas and the types of reserves required under the Parks & Reserves Strategy 2017;
- e. Additional area of 'mixed use' in proximity to the Ladies Mile Pet Lodge; and
- f. Other minor and technical amendments.

4. Note 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,

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Background

- 7 Council considered an agenda item on 23 June 2017 and resolved to:

Seek public feedback on the proposed addition of the Ladies Mile Area into Category 2 of the Housing Accords and Special Housing Areas Act 2013 Implementation Policy (“Lead Policy”), including the inclusion of:

- a. an Indicative Master Plan; and*
- b. an Indicative Landscape Strategy and*
- c. the Ladies Mile Development Objectives*

- 8 The proposed amendments to the Lead Policy were subsequently advertised for public feedback from 26 June to 26 July 2017. A discussion document, the indicative master plan and the proposed amendments to the Lead Policy were included.
- 9 The background to this agenda item was covered under seven topic headings in the agenda item presented to Council on 23 June 2017 (appended as **Attachment B** for reference, excluding appendices).
- 10 From a central government level, a range of matters have brought the Ladies Mile area before Council. Specifically the new National Policy Statement on Urban Development Capacity, the Housing Accord and its targets, and the Council’s application to the Housing Infrastructure Fund.
- 11 From a local level, a range of matters have also led to the Ladies Mile area being brought before Council. Specifically the resolution of Council when recommending the Queenstown Country Club Special Housing Area (SHA) to the Minister, the subsequent resource consent decision, the Wakatipu Basin Land Use Study (WBLUS), the review of Council’s Dwelling Capacity Model (DCM), and the extreme housing affordability challenge the district is facing.
- 12 The 23 June 2017 agenda item also considered the questions of why the Ladies Mile area and not other growth options, what style of development is possible on the Ladies Mile and what options does Council have to enable urban development on the Ladies Mile?
- 13 Comment was also provided on the Indicative Master Plan, entrances to Queenstown, transport implication and if the area is added into the Lead Policy, what the next steps would be.
- 14 Since the 23 June 2017 agenda item, two items of note have occurred:
- a. Housing Infrastructure Fund (HIF) – Council was successful in gaining HIF approval for three areas, one of them being Ladies Mile. Council has received approval from the Government based on an indicative business plan to construct three waters and roading infrastructure for 1100 medium density homes on the Ladies Mile. The HIF is a ten year interest free loan facility set up by the Government to help Council’s pay for infrastructure for housing. The loan can be recouped through development contributions. This application to the HIF was always on the basis that Council had to decide

whether development should be enabled on the Ladies Mile and by what process.

- b. District Plan Review evidence – the 23 June agenda item stated that “*an initial review of the DCM would suggest Council has zoned enough land*”, and “*Queenstown does not have a shortage of zoned land but rather an extremely low uptake of the land that is zoned for development*”. This has now been confirmed through the evidence prepared for the Proposed District Plan by Mr Philip Osbourne. Mr Osbourne (an economist) has reviewed the plan enabled, feasible and realisable development capacity and confirmed there is sufficient zoned capacity for Queenstown out to 2048. This does not change the issue identified in the 23 June agenda item which is that Queenstown is experiencing such a low uptake / development of the land that is zoned for housing, and that much of the realisable zoned capacity is held in a small number of ownerships.

Feedback Received

- 15 As outlined 310 responses were received. This report focuses on the key issues that were raised.
- 16 It is noted that following consultation with directly affected landowners on the Ladies Mile, feedback from landowners was also received prior to the public. This feedback was provided directly to officers and informed the agenda item that was presented on 23 June 2017. It has not been provided as part of the summary below, however many of the landowners have also provided feedback through the public feedback stage.

Key Themes from Feedback In Support

- 17 A full copy of all feedback received was provided to Councillors on 2 August 2017 and it was made available on the Council's website on the 7 August 2017. While there is a lot of detail in the feedback, eight key themes have been identified and summarised below:

Key Theme	Summary of Feedback
<i>Location</i>	Logical location, close to employment and commercial land (Frankton Flats and Five Mile) and residential areas (Lake Hayes Estate and Shotover Country) and within close proximity to infrastructure (such as schools, cycle ways, recreation, waste water etc); preferable over other areas; Relatively flat land, making building more cost effective;
<i>Densities</i>	A good mix of densities; will provide smaller more affordable homes / rentals.
<i>Housing shortage</i>	Will help address major shortage of houses and the District needs more housing. Needed to assist in retaining workers and families in Queenstown. So many people desperate for homes for their families.
<i>Affordability</i>	More affordable homes needed. Need to ensure that a percentage of these sections goes to first home buyers.
<i>Landscaping / mitigation</i>	If done properly the impact on the area could be mitigated through the planting of tree and appropriate setbacks; 75m setback would allow for sufficient green area. Highlighted as an area that can absorb change by the Wakatipu Basin Land Use Study

Key Theme	Summary of Feedback
<i>Infrastructure</i>	Close to existing infrastructure. Need to ensure that appropriate infrastructure is provided (including schools, hospitals, public transport etc)
<i>QLCHT</i>	Supports first home buyers and the Queenstown Lakes Community Housing Trust. Should be able to suggest alternative options than 10% to the QLCHT
<i>Precedent</i>	Precedent has already been set by the Queenstown Country Club, which has taken place on the southern side of the road

Feedback In Opposition

18 Feedback in opposition was generally more detailed than feedback in support. 11 key themes were identified and are set out below:

Key Theme	Summary of Feedback
<i>Use of Lead Policy / SHA approach rather than normal RMA process</i>	SHA process does not allow community to have a fair say / as much say as if it were through District Plan Review. Special Housing Areas are not the appropriate mechanism to develop Ladies Mile. Council need to come up with a more comprehensive plan and further consultation is required. Need more help from the Government to find a solution to the housing crisis
<i>Location</i>	Other areas should be considered such as existing zoned areas, land off Malaghans Road, land between Jacks Point and the Kawarau River. Will result in urban sprawl. Not a great location as hill to north. Will result in the loss of rural character and amenity.
<i>Transport and infrastructure issues</i>	Insufficient information and research on impacts on the Shotover Bridge; Capacity of Shotover Bridge and other roads, general congestion on roading network not just the Shotover Bridge. Questions about adequacy of other infrastructure.
<i>Entrance to Queenstown</i>	Gateway to Queenstown and will result in adverse visual and amenity effects Critical the greenbelts and green areas are maintained. Should be left as Rural and used as medium to low density residential living
<i>Other zoned land</i>	No need for more housing as sufficient land has been provided under the Operative and Proposed District Plans. Need to incentivise already zoned and undeveloped sites to release land to the market. More infill housing. Alter rates for undeveloped land and unoccupied dwellings
<i>QLCHT contribution</i>	10% contribution is unreasonable and will make the rest of the development cost more
<i>Affordable Housing</i>	Does not guarantee affordable housing. Need affordable housing and 10% contribution to the Queenstown Lakes District Housing Trust is not enough. Will not result in affordable housing and will become a market rate development
<i>Landscaping</i>	Development will be highly visible. Ladies Mile. Trees are considered to be an asset to the whole community
<i>Precedent</i>	Queenstown Country Club has not set a precedent for development in this area
<i>Pet Lodge</i>	Concerned about the impact it will have on the Pet Lodge and reverse sensitivity. The Pet Lodge is a valued community asset.

Key Theme	Summary of Feedback
<i>Design and appearance</i>	Concerned about recent developments including Five Mile and that it will be the same in appearance. Concerned that no one will want to live there in 20 years. Has the potential to negatively impact on tourism
<i>Demand</i>	House prices will fall as interest rates rise and cheap money following global financial crisis dries up. Incentivise use of vacant properties instead. Will not help with supply as demand from overseas investors is still high. Population of Queenstown should be capped.

Commentary on key elements of feedback received

19 In general feedback was quite evenly split between support and opposition. The key themes are explored further below, noting some topics were covered in the 23 June 2017 agenda item.

Precedent

20 Feedback stated both that the Queenstown Country Club (QCC) had and had not set a precedent for further development on the Ladies Mile. Officers consider the QCC has set a precedent in many respects as it was the first major development on the upper, more visible part of the Ladies Mile. The QCC site is hard to distinguish from the land on either side of it.

Amending the Lead Policy vs District Plan Review Process

21 Feedback was received in opposition to using the Special Housing Area mechanism to enable development on the Ladies Mile, rather than through the District Plan Review process. A comparison of the different process options were set out in last agenda item appended as **Attachment B**). This has been reviewed and the main advantages and disadvantages of each option are shown below.

	Option 1 – Add to Category 2 of SHA Lead Policy and require development to be in accordance with an Indicative Master Plan	Option 3 – Variation to PDP as part of full WBLUS Response
Estimated timeframes for paperwork & process	6-12 months minimum <u>Steps:</u> - Feedback on Lead Policy - Receive an EOI - Seek public feedback on EOI - Report to Council, - Make recommendation to Minister, - Minister approves and then gazettal as a SHA. - Resource consents then lodged. - May be limited notified to neighbours	12 - 15 months plus appeals (appeals timeframe unknown) <u>Steps:</u> - Prepare variation & s.32 cost benefit analysis, - Report to Council - Notify for submissions - Notify for further submissions - Public hearing - Appeals - Lodgement of resource consents

	Option 1 – Add to Category 2 of SHA Lead Policy and require development to be in accordance with an Indicative Master Plan	Option 3 – Variation to PDP as part of full WBLUS Response
Estimated minimum timeframes for occupation of first houses	1.5 – 2 years	3 – 5 years but depends on number of appeals
Advantages	– Fastest option – Council has greatest control over end product – Developers can be required to meet master plan and infrastructural obligations or no recommendation to the Minister – Limited appeals / litigation – Council seen as proactive – Can require a 10% contribution to QLCHT	– Greater public input – Could be based around a structure plan setting out development bones – Enables comprehensive look at entire Wakatipu Basin including Ladies Mile – Gives the public / developers appeal rights and the matter is re-heard by the Environment Court – Most developers willing to enter into a Stakeholder Deed for QLCHT contribution
Disadvantages	– Limited public input – Council may have to help fund some infrastructure to ensure services put in are adequate for whole Ladies Mile not just the individual developers EOI – Timing and sequencing of development challenging	– Slow – Subject to appeals / litigation (and submissions extending scope) – Would allow landowners to drive their own development agenda through submissions e.g. Rural Residential is easy to do but not necessarily what the district needs – Would get bogged down in wider WBLUS appeals – Contribution to QLCHT sought on a voluntary basis only – Timing and sequencing of development challenging

22 Officers consider the use of the Lead Policy to be the most efficient process in terms of timeframes, and the most certain in terms of knowing what sort of development will occur. For example if an EOI is lodged and the required density is not met, the Council has full discretion and can simply refuse to recommend it to the Minister. This is not the case with a Variation to the Proposed District Plan where densities lower than what the Council considered desirable can be sought through submissions / appeals, and often have less 'environmental effects' than higher densities. Often the Environment Court is the final decision maker.

23 The District Plan Review process does provide more opportunity for public input through the submission, further submission, public hearing and appeals process.

Other Public Infrastructure such as school, hospitals and public transport

24 Feedback was received about provision for other public infrastructure such as schools, hospitals and public transport. The Indicative Master Plan does not identify specific locations for things such as day care centres, schools and hospitals, however they can be provided through the SHA process which simply requires the qualifying developments be 'predominantly residential'. For example

the Queenstown Country Club has included a dementia care unit and various other non-residential activities.

- 25 The Indicative Master Plan is indicative only, and officers did not feel comfortable trying to specify locations of additional schools etc. A meeting was held with the Ministry of Education (MOE) on 21 June 2017 and they were updated on the process that was being undertaken with regard to the Ladies Mile. The MOE has a school at Shotover Country which it is understood currently has some capacity but were interested in being involved further should the Ladies Mile area be added into the Lead Policy.

Will the Ladies Mile Area Result in Affordable Housing?

- 26 As noted in paragraphs 25-31 of the 23 June agenda item (**Attachment B**), Queenstown has a severe housing affordability problem. The Council's Lead Policy relates to the application of HASHAA in the Queenstown Lakes District. The purpose of HASHAA is:

To enhance housing affordability by facilitating an increase in land and housing supply in certain regions or districts, listed in Schedule 1, identified as having housing supply and affordability issues.

- 27 Specifically, the focus of HASHAA is not to provide affordable housing, but rather to enhance affordability through facilitating an increase in land and housing supply. To date, the Council has not tried to specify price points for developments approved under the HASHAA legislation. Specifying price points has led to problems in Auckland, such as very small one bedroom units being provided to meet the minimum price points, or the prices of other units simply being hiked to pay for the proportion that must be sold at a certain price, or the purchasers of the lower priced units quickly on-selling them for a capital gain.
- 28 Instead the QLDC approach has been to specify that a certain percentage of developments be one or two bedroom units, which does relate to affordability as they are smaller and more affordable. The type of development anticipated on the Ladies Mile is higher density, smaller residential units which by their nature are more affordable.

Contribution to the QLCHT

- 29 Feedback was received saying that the 10% contribution to the QLCHT was both not enough and was too much. The contribution is double the normal 5% contribution specified in the Lead Policy for other SHAs, which does raise fairness/ equity issues, however the Indicative Master Plan does enable a significant amount of density, giving developers a significant yield above the District Plan zoning. The amended Lead Policy in **Attachment A** states (as amended):

The Council is open to proposals that achieve community housing through other mechanisms that are consistent with the policy objectives and above community housing outcomes, but retains preference for the Trust's involvement.

Traffic / Transport Implications

- 30 Public feedback focused on the implications for transport / congestion as a result of additional development on the Ladies Mile. The 23 June 2017 agenda item noted that the Shotover Bridge has been identified as a key capacity constraint. While roads either side can be 'two-laned', the bridge cannot. The capacity of the existing bridge has been calculated as having a peak hour capacity of 1590 vehicles per lane (refer **Attachment C**).
- 31 Based on *current* QLDC growth forecasts published in 2016, the bridge will reach capacity when operating during the evening peak in 2035, which will extend out to 2044 if 10% of vehicle drivers shift to public transport or other alternative modes. Additional residential development on the Ladies Mile brings forward the time at which the bridge reaches capacity. If an additional 1000 medium density dwellings were developed by 2025 the bridge will reach capacity at 2025 (but significantly, 2032 if a 10% shift to alternative modes is achieved).
- 32 While NZTA are comfortable with 1025 houses on the Ladies Mile, they have provided feedback in opposition to the full extent of development enabled under the Indicative Master Plan. Their primary concern is the total residential yield that the Indicative Master Plan (as put out for feedback) would provide and the ability of the Shotover Bridge to cope with the additional demand created.
- 33 The Indicative Master Plan, as put out for public feedback, enabled 2224-2874 residential units. The HIF and Indicative Master Plan processes were being prepared concurrently, and the indicative business case for the HIF showed that 1025 (later revised to 1100) was the preferred option as beyond that, additional capacity on the Shotover Bridge would be required.
- 34 To address the concerns of the NZTA, two specific changes are proposed, should Council decide to amend the Lead Policy. The first is to place a 'pause' button in the Lead Policy so that no new expressions of interest will be considered for SHAs once applications for qualifying developments have been lodged that exceed 1100 residential units. This will allow time for further assessment to be undertaken of the impact of additional housing on the Ladies Mile beyond the 1100 residential units that the NZTA were able to support through the HIF application.
- 35 A 'policy pause' will also allow an understanding of the impact of the \$2 bus fares and increased frequency of bus services, and well as other work in the transport space through the Queenstown Integrated Transport Programme Business Case, e.g. a park and ride facility.
- 36 A second key proposed change is to reduce the potential total yield to 2185 (refer **Attachment D**). This reduction has primarily been achieved by removing the potential for a small, second residential unit above the garage on the areas identified for medium density residential
- 37 A park and ride facility on the Ladies Mile is provided for in the Queenstown Integrated Transport Programme Business Case, even without further development on the Ladies Mile. The timing for this work is 'medium term' with

'Park and Ride PT Services – Other Locations' set down for 2025. 'Ladies Mile Corridor improvements' are also scheduled for the short term i.e. before 2021.

- 38 A park and ride facility in the general vicinity of the Ladies Mile was also included in consultation on the Queenstown Town Centre Master Plan as shown below.

Figure 1 - Image from the Queenstown Town Centre Master Plan Discussion Document



- 39 While it is accepted that there are limited employment opportunities on the Ladies Mile (the QCC is one exception), the Ladies Mile area is considered to be well connected spatially to 'community facilities such as employment, schools, shopping and recreational services', although additional community facilities will be provided as part of the development, for example parks and reserves. Placing some form of business or industrial zone to create more employment on the Ladies Mile is an option, but given the strength of feeling about its amenity values and its location at what many consider to be the entrance to Queenstown, it presents its own set of challenges.
- 40 The Indicative Master Plan is indicative only, and officers did not feel comfortable trying to specify exact locations of additional schools, park and ride facilities etc, the detail of which can be worked through when expressions of interest are lodged. The Indicative Master Plan does not prevent a new school being placed on the Ladies Mile, with the HASHAA only requiring development be 'predominantly residential'.

Public transport and a Park and Ride Facility

- 41 With regard to public transport, Officers did not feel comfortable trying to specify the exact shape and form of public transport and where that might be located, but a public transport facility can be included with an EOI and a subsequent qualifying development application, provided it remains predominantly residential. As noted above, a park and ride facility is anticipated somewhere on the Ladies Mile. Work is underway on enhancing public transport. Ensuring feasibility of public transport is a key part of the indicative master plan, by seeking to ensure sufficient densities for public transport to work and with the grid layout which is efficient for public transport access.

Ladies Mile Pet Lodge

- 42 Feedback in opposition raised multiple concerns relating to the Ladies Mile Pet Lodge ("Pet Lodge") and how urban development would affect the operation of this business. The feedback has emphasised the importance of the facility to the public, and the limited other options for kennels given Queenstown's growing population.
- 43 The Pet Lodge has been in operation for over 40 years and has been operated by the current owners for over 17 years. Following an Environment Court hearing in 2004 it is considered to have been lawfully established provided it complies with the conditions imposed on the resource consent. It can therefore continue to operate under its existing resource consents (which do not lapse).
- 44 With growing towns such as Queenstown, it is inevitable that from time to time activities that were once located in rural areas end up becoming close or part of the town.
- 45 The addition of the Ladies Mile to the Lead Policy could mean residential development in much closer proximity to the Pet Lodge than currently exists. This has the potential to raise reverse sensitivity effects as new residents could complain about noise from dogs barking. While the Pet Lodge can be legally protected through "no complaint covenants", the feedback from the owners is that the potential disturbance from residential and construction activity, as well as a potential road, will make it difficult / impossible to operate as the kennel requires a rural environment.
- 46 In this regard any resource consent application for a qualifying development adjacent to the pet lodge, the application would have to be served on the Pet Lodge and they could submit on the proposal. Commissioners would then have to determine whether the effects could be managed or some form of setback is required.
- 47 Increased disturbance of animals from traffic, construction noise and residential activities may well arise, however this can be addressed to a degree through consent conditions at the detailed planning stage. The Pet Lodge can continue operating as long as its owners wish to continue running the operation. Legal mechanisms can protect the owners from complaints from new residents. It is also recognised the site does adjoin an unformed legal road, which could be formed up without resource consent.
- 48 The Pet Lodge site is somewhat unique compared to other properties on the Ladies Mile, as it is relatively small (8094m²) compared to other land holdings and under the Indicative Master Plan, would only have new limited development rights due to the proposed 75m setback for landscaping / amenity purposes.
- 49 As a result, the Indicative Master Plan has been amended to increase the yield that is available to this site. The extent of the Mixed Use area has been brought forward into the 75m setback which is now reduced to 15m. This change has been implemented to enhance the presence of the local shopping centre along the ladies Mile, while still retaining a landscaped setback with room for walking and cycling trails.

Figure 2: Ladies Mile Pet Lodge site – aerial photo and indicative master plan



Intensification

50 Feedback in opposition suggested focusing on intensification of existing urban areas, rather than greenfield development. Intensification is an appropriate mechanism to increase the supply of housing, and is being enabled through the new zoning provisions working their way through the Proposed District Plan process. Council did apply to the Environment Court for these new provisions to have immediate legal effect, to bring them into force immediately. The Environment Court rejected the request.

51 Officers consider a combination of both intensification of existing urban areas as well as release of greenfield land is necessary to cope with the growth being experienced in the District and the problem identified with large areas of zoned land not being developed.

Can the council control who a developer sells lots to?

52 Feedback raised the concept of both forcing developers to sell to first home buyers, and forcing developers to not sell multiple lots to one person/ company. While the Queenstown Country Club agreed to sell 50% to locals, in general it is not possible to specify who a developer sells to. The Lead Policy does however invite landowners to come forward with proposals in their EOIs that include mechanisms to achieve affordability including (but not limited to):

Examples of mechanisms to achieve affordability may include:

- *a range of appropriately sized sections (including smaller sized sections of 240-400m²);*
- *a mixture of housing typologies and sizes is also desirable;*
- *the nature of any covenants (or similar restrictions) imposed on sections;*
- *methods to reduce property speculation of vacant sections; and*
- *methods to retain affordability in the medium to long term.*

Housing developed in special housing areas will be expected not to be used solely for visitor accommodation and landowners and developers should identify an appropriate legal mechanism for securing this outcome.

- 53 Developers such as Shotover Country have also actively vetted purchasers, targeting first home buyers and locals with families, and consequently there has been a low turnover of properties at Shotover Country.

Urban Design comments

- 54 Feedback was received about the suitability of the area for urban development, being located with Slope Hill to the north and relatively open to the south, and with a busy state highway bisecting the area. It is acknowledged that the area will receive reduced sunlight hours due to the presence of Slope Hill, and it is exposed to the southerly wind. Officers do not consider this does not make the area unsuitable for residential development, but when contrasted with other vacant zoned land in the district such as the Kelvin Peninsula (which is sheltered to the south, north facing with lake views), could help maintain the affordability of the area.
- 55 Feedback has supported the grid pattern of streets which enables efficient use of land and for public transport. A mixed response has been received regarding the landscaped setback, with some feedback suggesting it mitigates the impact of urban development and other responses stressing development will remain highly visible.

Proposed amendments to Lead Policy

- 56 Following consideration of the feedback, the following amendments to the Lead Policy are proposed:
- a. Reduction in total potential yield from a maximum of 2224-2874 residential units to 2185.
 - b. Addition of a new criteria to the Lead Policy for a 'policy pause' when the number of qualifying development resource consents lodged for residential units lodged exceeds 1100.
 - c. Re-instatement of the public feedback stage for each EOI lodge don the Ladies Mile.
 - d. Removal of specific areas identified for reserves, and replacement with indicative areas and the types of reserves required under the Parks & Reserves Strategy 2017; and
 - e. Additional area of 'mixed use' in proximity to the Ladies Mile Pet Lodge and
 - f. Other minor and technical amendments.

Comment

- 57 Council is faced with a series of decisions that involve balancing a series of competing elements. It needs to decide whether it does see the need to enable

further greenfield sites to be developed, or to continue encouraging land that is currently zoned to be developed and come to market.

- 58 Council can either enable development that (like all SHAs) is not consistent with its operative and proposed district plans, and do so relatively quickly using the SHA mechanism. Alternatively it can look to address the Ladies Mile area through the Proposed District Plan as part of the response to the Wakatipu Basin Land Use Study, over a longer time horizon.
- 59 With regard to traffic and transport implications, Council is aware of congestion issues and the broad range of work underway to address transport. Council can either try to avoid further traffic and congestion on the Shotover Bridge and State Highway 6 / 6A and beyond, or enable additional housing on the major transport route close to employment and retail areas.
- 60 Council can either try to maintain the generally open nature of the Ladies Mile, or it can seek to ensure a high standard of external appearance for built form beyond a landscaped setback.

Options

- 61 High level options for the Ladies Mile were set out in the 23 June agenda item and are included as **Attachment B**. This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002.
- 62 Option 1 – Enable development on the Ladies Mile through an amendment to the Lead Policy in a comprehensive manner in general accordance with an Indicative Master Plan

Advantages:

- 63 Location is next to established urban areas, and close to employment, retail and recreational areas.
- 64 Is the option most likely to deliver housing density quickly in a comprehensive and integrated manner.
- 65 Developers can be required to meet the Indicative Master Plan and infrastructural obligations or no recommendation to the Minister.
- 66 Can require a 10% contribution to QLCHT
- 67 Limited appeals / litigation
- 68 Council seen as proactive rather than reactive to development pressure

Disadvantages:

- 69 Likely to be seen by many as an unacceptable development in an area seen as an important gateway
- 70 Less public input than the Proposed District Plan process and public input at the resource consent stage is limited to adjoining properties and no appeal rights
- 71 Increased traffic and congestion on roads and the point at which the Shotover Bridge reaches capacity comes forward

- 72 Council may have to help fund some infrastructure to ensure services put in are adequate for whole Ladies Mile not just the individual developers EOI
- 73 Timing and sequencing of development is not able to be controlled
- 74 Option 2 – Address the Ladies Mile area through a variation to the Proposed District Plan for the Ladies Mile as part of the response to the WBLUS

Advantages:

- 75 Greater public input through the submission, further submission, hearing and appeals process.
- 76 Section 32 analysis of costs and benefits required.
- 77 Could still be based around a Structure Plan for the 'Ladies Mile Gateway Precinct' setting out development bones
- 78 Environment Court can scrutinise final District Plan provisions.

Disadvantages:

- 79 Slow as subject to First Schedule process involving submissions, further submissions, a hearing and then appeals / litigation, could get caught up in wider appeals to do with the Wakatipu Basin.
- 80 Scope of plan changes can be widened through submissions.
- 81 Would allow landowners to drive their own development agenda through submissions e.g. Rural Residential is easy to do but not necessarily what the district needs
- 82 Contribution to QLCHT required on a voluntary basis only rather than mandated
- 83 Timing and sequencing of development is not able to be controlled
- 84 This report recommends **Option 1** for addressing the matter because it:
- a. Provides a large area of land for residential development, in close proximity to employment and retail areas, to address the pressing need for more land for urban development to help combat the housing affordability challenges.
 - b. Provides a structured approach that enables development to be comprehensively guided in accordance with an Indicative Master Plan, rather than a series of individual developer led projects.
 - c. Makes use of the tools the Government has put in place to address housing affordability, and recognises that the 'use it or lose it' nature of SHA consents has resulted in all developer led SHAs currently being under construction.
 - d. Recognises that the uptake of zoned land is low and much of it is held in three ownerships.
 - e. Acknowledges there are significant transport and traffic challenges but that work that is underway to address them.

Significance and Engagement

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

Risk

- 86 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.
- 87 This matter relates to this risk because the supply of housing is central to the current and future development needs of the community.

Financial Implications

- 88 Under the HASHAA, developers are required to provide the necessary infrastructure to service their developments. Council negotiates Stakeholder Deeds to ensure the necessary infrastructure is provided. The addition of the Ladies Mile area into the Lead Policy will likely lead to requests from Council to finance the additional infrastructural capacity required to service the wider 'Ladies Mile Study Area', beyond the demand generated by the individual expression of interest. This will have budgetary implications for Council.
- 89 Currently there is no budget for capital works on the Ladies Mile. The work is not included in the Long Term Plan. However as noted above, the Council has successfully applied to the Governments HIF for formal approval to invest in infrastructure that will bring forward the supply of developable land for housing. The HIF is an interest free loan for ten years. The HIF monies could fund the required capital works and be recouped through development contributions.

90 A parallel amendment to the development contributions policy would also be required to recoup the money as development occurs over the whole area over the next 10 – 20 years.

Council Policies, Strategies and Bylaws

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

- a. The Operative District Plan
- b. The Proposed District Plan
- c. Growth Management Strategy 2007
- d. Long Term Plan
- e. Lead Policy for SHAs

92 The recommended option is not consistent with the first four named policies, but is consistent with the Lead Policy which envisages areas being added into Category 2. By definition, SHAs are usually contrary to District Plans, otherwise a resource consent could be obtained like normal.

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

Local Government Act 2002 Purpose Provisions

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

95 The recommended option:

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

Consultation

96 Consultation with the general public has been described in paragraphs 15 to 16 above. Given the high level of interest in the Ladies Mile area, Council resolved to seek public feedback on this change to the Lead Policy before making a decision on adoption.

97 A meeting was held with landowners on the northern side of Ladies Mile on 22 May 2017, and the southern side on 29 May 2017. Not all landowners were able to attend but a high proportion did attend or sent a representative. Written communications were also undertaken with some parties unable to attend the

meeting. Written feedback was received from those meetings and resulted in a number of amendments to the Indicative Master Plan.

Legal Considerations and Statutory Responsibilities

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

To enhance housing affordability by facilitating an increase in land and housing supply in certain regions or districts, listed in Schedule 1, identified as having housing supply and affordability issues.

99 HASHAA provides limited guidance as to the role of a Lead Policy, or to the assessment of potential SHAs, beyond housing demand and infrastructure concerns. HASHAA is silent on the relevance of planning considerations; however the Council's legal advice is that these are relevant considerations and this has been confirmed by the recent High Court decision on Ayrburn Farm. The weight to be given to these matters is at the Council's discretion, having regard to the overall purpose of HASHAA. These matters have been considered in this report.

100 The Council will need to consider the consistency of any decision to amend the Lead Policy and its decision in July 2015 to notify the PDP, which maintains the Ladies Mile as Rural zoning. However since the PDP was notified, the Government has issued the NPSUDC, which requires greater assessment of the feasibility of zoned land coming on stream. This has been a fundamental change, particularly with regard to the following policies of the NPSUDC which are particularly challenging in Queenstown:

OA2: Urban environments that have sufficient opportunities for the development of housing and business land to meet demand, and which provide choices that will meet the needs of people and communities and future generations for a range of dwelling types and locations, working environments and places to locate businesses.

PA3: When making planning decisions that affect the way and the rate at which development capacity is provided, decision-makers shall provide for the social, economic, cultural and environmental wellbeing of people and communities and future generations, whilst having particular regard to:

- a) Providing for choices that will meet the needs of people and communities and future generations for a range of dwelling types and locations, working environments and places to locate businesses;
- b) Promoting the efficient use of urban land and development infrastructure and other infrastructure; and
- c) Limiting as much as possible adverse impacts on the competitive operation of land and development markets.

101 Policies OA2 and PA3(a) and (c) are particularly relevant to the Queenstown situation, given the low uptake of land that is zoned for development. For example, Hanley's Farm is under construction at present but it is not providing the smaller, medium and high density development that the Ladies Mile could provide.

Attachments

- A Amended Lead Policy, including revised Indicative Master Plan
- B Copy of 23 June 2017 agenda item (excluding appendices)
- C Abley Report on Shotover Bridge Capacity
- D Yield Analysis of Indicative Master Plan