

QLDC Council
20 April 2017

Report for Agenda Item: 3

Department: Planning & Development

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

Purpose

The purpose of this report is to re-establish and extend the existing Business Mixed Use Zone Special Housing Area (**BMU SHA**), as it is due to expire on the 23 June 2017. The extension is to include 133 Hallenstein Street and Warren Park.

Recommendation

That Council:

1. **Note** the contents of this report, including the amended extent of the SHA (to also include Warren Park and 133 Hallenstein Street) and the proposed disestablishment date for the new SHA being 16 September 2019;
2. **Resolve** to seek public feedback on the proposed re-establishment and extension of the BMU SHA subject to the following criteria for qualifying developments:
 - Minimum of three for the number of dwellings to be built;
 - 'Gorge Road A' (Lot 1 DP 19293, Pt Lot 48 DP 8591 and Lot 2 DP 19293 (Warren Park)) building height limit of 15 metres and a maximum of four storeys;
 - 'Gorge Road B' (all other sites) height limit of 20 metres and a maximum of six storeys; noting that this proposed height limit is 5m higher than the height anticipated under the Proposed District Plan for Lot 3 DP 12188 (133 Hallenstein Street); and
 - At least 30% of dwellings shall comprise of studio, 1 or 2 bedroom apartments.
3. **Instruct** Council officers to report back to the Council meeting on 25 May 2017 on any measures necessary for Councillors to, with confidence, recommend the proposal as an SHA to the Minister of Building and Construction. This may include the negotiation of a Stakeholder Deed to secure compliance with a recession plane and a contribution to the Queenstown Lakes Community Housing Trust;

4. **Note** that Council's intent in extending the timeframe for the SHA for the BMU zone is expressly to encourage the building of affordable residential accommodation;
5. **Note** Council's intent that its SHA lead policy would be applied to any SHA development within this zone, and
6. **Note** Council's intent that developments over 12m in height would be forwarded to the Urban Design Panel for review, to ensure positive streetscape and living environment; and
7. **Instruct** Council officers to report back to Council on issues and options relating to traffic and car parking within the BMU SHA.

Prepared by:



Anita Vanstone
Senior Policy Planner

4/04/2017

Reviewed and Authorised by:



Tony Avery
General Manager, Planning &
Development

4/04/2017

Background

Special Housing Areas (SHAs)

- 1 The purpose of the Housing Accord and Special Housing Areas Act (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.'
- 2 On 23 October 2014 the Council entered into a housing accord with the Government. The accord is *"...intended to increase housing supply and improve housing affordability in the district by facilitating the development of quality housing that meets the needs of the growing population."*
- 3 On 30 April 2015, the Council adopted an amended Lead Policy (titled: Housing Accords and Special Housing Areas Act 2013 Implementation Guidelines), to guide the Council's implementation of HASHAA.
- 4 The Council completed a process in which it invited Expressions of Interest (EOIs) from the public for the establishment of SHAs. Outside this process Council has received individual EOIs from developers and has decided to follow the same process, resulting in some of those EOIs being recommended as SHAs.
- 5 In total seven SHAs have been approved by the Minister including:

- Bridesdale Farm;
- Onslow Road;
- Arrowtown Retirement Village;
- Arthurs Point;
- Shotover Country;
- Business Mixed Use Zone (Gorge Road); and
- Queenstown Country Club.

These SHAs will deliver a potential yield of approximately 1000 residential units, a 172 bed aged care facility and 18 staff accommodation units, thus contributing significantly to the Council's obligations under the Housing Accord.

- 6 A Council initiated proposal for a SHA over multiple privately owned properties (approximately 12.8 hectares) within the proposed BMU zone (Gorge Road, Queenstown only) was first presented to the Council at the 17 December 2015 meeting, where the Council resolved to seek feedback on the proposed SHA in the BMU Zone and a report back to the Council on any measures necessary for Councillors to, with confidence, recommend the proposal as a SHA to the Minister. A Council resolution on the 1 March 2016, recommended the BMU SHA to the Minister with the following criteria for qualifying developments:
 - *Building height limit of 20 metres; and*
 - *At least 30% of dwellings shall comprise of studio, 1 or 2 bedroom apartments.*
- 7 The SHA for the BMU Zone is currently aligned with the PDP – which enables potential apartment development up to 20m (6 storeys) but with controls in place ensuring that amenities, such as sunlight access and privacy for existing residents, are protected.
- 8 The Council was anticipating that approximately 100 to 150 apartments from the BMU SHA. This is because the development of many of the sites is restricted by existing land uses and multiple landowners.
- 9 The existing BMU SHA is indicated in Figure One below:



Housing Accords and Special Housing Areas Act 2013 (HASHAA)

- 10 On 16 September 2016, the Housing Legislation Amendment Act 2016 (**the Amendment Act**) came into effect. One of the key changes of the Amendment Act is that the date for establishing SHAs and the date of repeal of the HASHAA had been extended by 3 years to 16 September 2019 and 16 September 2021 respectively. The implications of this are that any new SHAs will have until 16 September 2019 until they are disestablished.
- 11 The Amendment Act also set new time limits for lodging resource consent applications and requests for plan changes or variations of proposed plans in respect of existing SHAs, which is 12 months from the date on which the Order in Council was notified in the Gazette. It is noted that this Council has not accepted any plan changes.

12 The implications on existing SHAs are as follows:

SHA	Date of notification in Gazette	Date of disestablishment
Onslow Road	19 May 2016	19 May 2017
Arrowtown Retirement Village	23 June 2016	23 June 2017
Arthurs Point	23 June 2016	23 June 2017
Business Mixed Use Zone (Gorge Road)	23 June 2016	23 June 2017
Shotover Country	23 June 2016	23 June 2017
Queenstown Country Club	7 July 2016	7 July 2017

13 The implications for the BMU SHA are that it will be disestablished on the 23 June 2017. If an SHA is disestablished it means that SHA status is no longer applied and any resource consent applications must be made under the Resource Management Act. It is not possible under the HASHAA to extend the lifetime of an SHA, as Section 18(1) of the HASHAA is clear that the BMU SHA is disestablished 12 months from the date on which that Order was notified. However, the same result is achieved by establishing a new SHA over the same area as the existing one.

14 Resource consent applications have been approved for the Arrowtown Retirement Village, Arthurs Point, Queenstown Country Club, Onslow Road and BMU SHAs. The Shotover Country SHA resource consent application was heard on the 30 and 31 March 2017.

Housing Accords and Special Housing Areas Act 2013 Implementation Guidelines (the Lead Policy) & the Queenstown Lakes District Housing Accord (the Accord)

15 On 28 July 2016 Council confirmed it was willing to negotiate and update the Accord targets in collaboration with the Minister. Figures were agreed and the Mayor was delegated the responsibility to negotiate these with the Minister.

16 As a result, the Minister and Mayor agreed to amend Year 2 and 3 targets of the Accord in August 2016 to, as follows:

Total number of dwellings and sections consented			
	Year 1 October 2014 – September 2015	Year 2 October 2015 – September 2016	Year 3 October 2016 – September 2017
Targets	350	450 650	500 750
Actual	557	399 (at 30 April 2016)	

- 17 It is noted that the draft joint monitoring report for the end of Year 2 has been provided to Ministry of Business, Innovation and Employment. This is likely to be released publicly in the near future. However, early indications are that the Council is tracking well towards these targets and surpassed the Year 2 targets set.
- 18 On the 24 November 2016 the Council adopted an amended Lead Policy (titled: Housing Accords and Special Housing Areas Act 2013 Implementation Guidelines) to guide the Council's implementation of the HASHAA. The purpose of the Lead Policy is to assist the Council in deciding to recommend the establishment of SHAs to the Minister and in considering applications for resource consent for qualifying developments within SHAs.
- 19 The Council is in the preliminary stages of renegotiating the Accord with the Minister. This will be brought back to Council for consideration at a later date.

PDP

- 20 It is also worth noting how the development rights enabled through a potential SHA compare to those potentially enabled through the District Plan Review. If the Council recommended the re-establishment of the BMU SHA to the Minister, and the Minister conferred SHA status in the next couple of months, then applications could be lodged for development proposals from that time. In processing any application for a qualifying development, Commissioners would have regard to the following matters giving weight to them (greater to lesser) in the order listed:
 - a. The purpose of the HASHA legislation;
 - b. Matters in Part 2 of the RMA;
 - c. The PDP including the controls specified to protect amenities, such as sunlight access and privacy for existing residents;
 - d. Other matters arising under sections 104 to 104F of the RMA; and
 - e. The New Zealand Urban Design Protocol (2005).
- 21 Because the Operative District Plan (**ODP**) and the Lead Policy would have limited weight (their relevance is in the fourth tier consideration, as it is considered an "other matter" arising under sections 104 to 104F of the RMA), good quality proposals consistent with the PDP would have a strong chance of attaining approval.
- 22 If the SHA is not re-established, under the PDP, some of the proposed rules would not have any legal effect until 'decisions on submissions' have been notified. If there are no appeals on the proposed BMU Zone provisions, then those provisions would become operative. Therefore, the earliest that the proposed BMU provisions could be operative is early to mid-2018. Noting the final form of those provisions is not certain given the timing of the hearings.

- 23 It is noted that if Council choose not to re-establish the BMU SHA then land owners/developers have the option of establishing their own individual SHAs, as the BMU zone falls within Category 1 of the Lead Policy. These contain zoned areas that are considered suitable for establishment as SHAs. The only difference is that the landowner/developer would need to make an individual application to the Council, which would then if accepted, be forwarded to the Minister for approval.
- 24 Given the uncertainty of these processes, and the pronounced nature of the housing issues in the Wakatipu Basin, there is a significant potential time saving in re-establishing this SHA.

Business Mixed Use Zone (Gorge Road) SHA

- 25 Only one resource consent application for a qualifying development within the BMU SHA has been approved. This is the New Ground Capital resource consent (SH160147) that was approved on the 28 October 2016 and granted consent for 143 x 1 bedroom worker accommodation units with associated earthworks, landscaping and access at 75-83 Gorge Road. The developer subsequently decided to not pursue that development for commercial reasons, but another developer is currently investigating the potential use of the site.
- 26 Council has also been in discussions with multiple developers within the BMU SHA on other sites and consider there to be real merit in re-establishing the SHA as a new SHA.
- 27 It is proposed to extend the BMU SHA to include Warren Park and 133 Hallenstein Street. Warren Park is located in the High Density Zone of the Operative District Plan and is being considered as part of Stage 2 of the PDP review. It is surrounded by sites on its northern, eastern and southern boundaries that are proposed to be zoned BMU in the PDP. As a result, it makes sense for it to be included within the proposed SHA. It is noted that Warren Park is currently vested as reserve and there a no current plans for its use other than as a park.
- 28 133 Hallenstein Street is located within the High Density Residential Zone (HDR) of the PDP. Council has entered into pre-application discussions with the landowner of 133 Hallenstein Street, whose sites are located within the BMU and HDR zones (133 – 139 Hallenstein Street). The extension of the BMU SHA will allow these sites to be developed comprehensively and their development potential for residential accommodation maximised. As a result, it is considered appropriate to include 133 Hallenstein Street within the extended version of the BMU SHA.
- 29 The maximum height limit for the HDR Zone in the PDP is 15 metres or four storeys in height where the residential apartment building can achieve a minimum of 6-star level using the NZ Green Building Council Homestar Tool.

- 30 The landowner of 133-139 Hallenstein Street has requested flexibility in terms of the height limit and has requested that the proposed 20 metre height limit also apply to 133 Hallenstein Street. This is 5 metres higher than anticipated by the PDP.
- 31 The landowner has volunteered an additional qualifying development criterion for 133 Hallenstein Street that development must comply with the Rule 9.5.6.1 of the PDP (Recession Plane Rule) on the boundary shared with 129 Hallenstein Street. This is to protect the neighbouring property to the south (refer to public excluded **Attachment A**).
- 32 Council has sought legal advice regarding this and it has been determined that recession plane restrictions cannot be used as a 'qualifying development criteria' because of the way 'maximum calculated height' has been defined within the HASHAA. However, this could be secured via a Stakeholder Deed prior to recommending the proposed BMU SHA to the Minister.
- 33 If Council chooses to progress with the 20 metre height limit for the 133 Hallenstein Street it is recommended that public feedback be sought on the matter (consistent with the Lead Policy) as it is an increase from the height limits that are being promoted within the PDP.
- 34 It is noted that if Council chooses not to extend the BMU SHA then 133 Hallenstein Street would fall within Category 1 of the Lead Policy. The only difference is that the landowner/developer would need to make an individual application of an 'expression of interest' to the Council, which would then if accepted, be forwarded to the Minister for approval.
- 35 The proposed extended BMU SHA (to include Warren Park and 133 Hallenstein Street) is highlighted in Figure Two, with the additional sites highlighted in Figure Three below:



Figure Two: Extent of the proposed new BMU SHA



Figure Three: Specific Sites proposed for Addition to the BMU SHA

Council's Lead Policy on Special Housing Areas

- 36 While this is essentially extending the timeframe of an existing SHA it is still considered appropriate to complete an assessment of the proposal against the provisions of the Lead Policy. It should be noted that consideration of the Lead Policy is not a 'tick the box' exercise – whilst important the Lead Policy provides a *framework* of relevant considerations for the Council to assess proposed SHAs, and this still needs to be considered in the context of HASHAA's purpose of increasing housing supply.
- 37 The proposal is considered to be generally consistent with the principles espoused in the Lead Policy, noting the proposal is essentially carrying over an existing SHA. An assessment of the criteria for recommending a SHA to Government is set out further below:

Location and Strategic Direction

- 38 The amended BMU proposal is mainly located in the Business Mixed Zone, with 133 Hallenstein Street, located in the HDR Zone of the PDP, and Warren Park being considered as part of Stage 2 of the PDP. The BMU and HDR zones fall within Category 1 of the Lead Policy and are existing urban areas. These areas are considered to be suitable for the establishment of SHAs.
- 39 It is recommended that the 15m height limit be applied to Warren Park and public feedback sought on the potential for the 20m height limit to also apply to 133 Hallenstein Street. Noting that it is proposed for a 20m height limit to apply to all other sites within the proposed SHA.
- 40 These height limits are recommended to form one of the qualifying development criteria for sites within the proposed SHA to ensure the amenities of neighbouring properties are protected and there is a transition between the HDR and BMU zones. A qualifying development would still trigger the need for consent with regard to the recession line, so effects on neighbours would be considered.

- 41 As a result, the proposal is considered to be ideally located for SHA purposes, particularly having regard to its close proximity to the town centre.

Infrastructure

- 42 Holmes Consulting Group undertook a high level Three Waters Assessment for the original BMU SHA. Although this report is still considered to be relevant it needs updating pursuant to the HASHAA. Holmes Consulting in their original assessment concluded that the area could be designated as an SHA without requiring significant new upgrades (other than those already proposed for the wastewater network) to the Three Waters network. An update will be provided at the Council meeting.
- 43 The proposed SHA is located within walking distance to town, is located on an existing bus route and located close to existing social and community infrastructure.
- 44 Councils Chief Engineer and Principal Planner, Infrastructure have raised concerns with the potential transport effects of increased densities along Gorge Road. Both have noted that an integrated approach in terms of parking, public transport and active travel, as well as more innovative schemes is required for the BMU SHA. It is recommended that Council Officers report back to Council on issues and options relating to traffic and car parking within the BMU SHA. In terms of timings, the Council is currently working on the Queenstown Town Centre Masterplan and the Transport Chapter is being considered as part of Stage 2 of the PDP.
- 45 It is noted that none of the proposed high density developments within the proposed SHA are likely to be able to meet the current PDP parking requirements. It is highly likely that Council will need to agree to lesser onsite parking provision but with appropriate mitigation measures. In discussions with each developer, the following have been put forward as reasons to reduce the car parking requirements:
- Effective public passenger transport being available;
 - Large businesses providing worker pick up/ drop offs;
 - Greater walking and cycling;
 - Proximity to the town centre;
 - Use of car sharing schemes; and
 - Many itinerant workers not having vehicles.
- 46 Each application will need to be assessed on its own merits. As a result, it is considered there is adequate infrastructure to service the proposed SHA that either exists or is likely to exist, having regard to relevant planning documents and strategies.

Affordability

- 47 The Lead Policy invites developers/landowners to identify appropriate mechanisms to ensure that housing developed in the SHA addresses the district's housing affordability issues.

- 48 Multi-level construction is expensive, and even with high yield and small units will not necessarily result in cheap housing, though it is expected to be affordable by comparison to the median house price in the District. However, this should be offset by the fact that for many potential residents transport costs should be minimal in this location, and compact dwellings realised in an apartment building constructed to current Building Code requirements should reduce winter heating costs (which can be significant in the District). As a result, such development offers the potential for relatively affordable housing choice when looking at household costs overall and an attractive housing option for people working in Queenstown.
- 49 Some councils have considered specifying affordability criteria for any qualifying development which, under HASHAA, may be by reference to median house prices, median household incomes, individual income, the median multiple (median house price divided by gross annual median household income), or any other similar matter relevant to affordability in the district.
- 50 Another option considered by some councils is to prescribe a criterion for qualifying developments that specifies that a minimum percentage of dwellings be studio apartments of a maximum floor area ie. 40m² or specify a percentage of dwellings that need to be 1 or 2 bedroom units. Either of these options is considered to be a better option than specifying price points that may quickly become outdated in a swiftly moving market.
- 51 Discussion with professionals from the Council and in private practice in Auckland has indicated that utilising this price point approach has proven problematic, and the Auckland experience is that the means of developers achieving the price point is usually through a small apartment typology in any event.
- 52 Various criteria options have been explored including at least 30% of units to being 40m² or less. However, it considered that this could pose difficulties for smaller scale developments. Therefore, it was considered that the criterion promoted in the original SHA should remain. This states that a minimum of 30% of dwellings shall comprise of studio, 1 or 2 bedroom units. This will avoid the situation where developers may construct a development that largely comprises larger 3 bedroom apartments, which will inevitably hit the market at a much higher price, or demand much higher rentals to justify a good financial return for investors. It is also likely to result in a good mix of different sized apartments, commensurate with the aims of a mixed use zone, and thereby avoiding a “shoebox ghetto”.
- 53 It is proposed to retain the requirement of 30% of dwellings shall comprise of studio, 1 or 2 bedroom units so that on mid to large scale projects, the provision of smaller units is meaningful. However, care has been taken not to set this requirement too high so as to potentially undermine commerciality (for example, lending for developers can potentially become more challenging where the majority of units in a proposed development are of a small size).

- 54 In addition, it is recommended that the minimum of 3 dwellings qualifying development also be retained. Council has generally set the minimum at lower points to encourage a range of developments. This is consistent with the Council's Lead Policy.

Community Housing

- 55 When compared to other SHAs proposed by landowners where the Council can require a commitment to affordable housing through a Stakeholder Deed, in this instance that approach is not feasible due to the significant number of landowners rather than one site where the commitment can be locked in. This restriction has been noted in the Lead Policy and was emphasised in the reporting on the original SHA.
- 56 It is noted that 133 Hallenstein Street is located in the HDR zone of the PDP. In terms of fairness, the Council have requested that the developer consider providing a 5% contribution to the Queenstown Lake Community Housing Trust (**the Trust**) for the development that is proposed on 133 Hallenstein Street only, which could be secured via a Stakeholder Deed. This is to ensure that Council maintains a consistent process for all of its SHAs that are located outside the proposed BMU Zone of the PDP.
- 57 The Council as the landowner of Warren Park will be able to negotiate any community housing provisions for any development, if it is ever deemed to be surplus to requirements. Noting that Warren Park is currently vested as reserve and there are no current plans for its use other than a park.
- 58 Under HASHAA, it is not possible to impose a criterion for qualifying developments mandating a provision of community housing.

Community Feedback

- 59 In the original SHA proposal the Council has provided for a community feedback process on the proposal, consistent with what was done when other SHAs were considered. This feedback was collated and provided to Councillors and made public prior to the Council meeting on 1 March 2016.
- 60 The feedback attracted comments from approximately 28 parties, 18 of which were in support of the SHA, 4 against and 6 do not indicate either way. These responses can be viewed via the following link:

<http://www.qldc.govt.nz/assets/Uploads/Your-Views/Gorge-Road/Gorge-Rd-SHA-Feedback.pdf>

- 61 Feedback on the re-establishment the new BMU SHA was sought from the New Zealand Transport Agency (NZTA), Ministry of Education, Otago Regional Council, Kai Tahu ki Otago and local iwi. The NZTA and Kai Tahu ki Otago have not raised any concerns with the proposal. In addition, Otago Regional Council have advised they are comfortable with the Council considering the extension of the BMU SHA for another 2 years as long as they are consulted on all applications due to the number of identified hazards

within and around the BMU SHA. An update on the other agency responses will be provided at the Council meeting.

- 62 No community feedback has been sought on the re-establishment or extension of the BMU SHA.

Quality and Design

- 63 The Council would expect building and site design to follow the guidance of the Urban Design Protocol and the PDP to ensure a good level of design quality which satisfied sound urban design principles. It would also be appropriate for mid to large scale proposals to be presented to the Urban Design Panel, as is common practice under the RMA process.

Timely Development

- 64 All resource consent applications will be restricted by lapse dates to encourage timely developments.

Conclusion

- 65 In recommending the SHA to the Minister the Council has to be satisfied that the proposal is generally consistent with the principles espoused in the Lead Policy. The proposal will target a specific housing need (apartments/worker accommodation) and it will provide a much needed housing choice and type to the market. The proposed SHA is within walking distance of the town centre and is located on existing transport routes. It has been confirmed that there is adequate infrastructure that exists or is likely to exist to service the SHA.
- 66 Compared to other SHAs proposed by landowners where the Council can secure a commitment to affordable housing by Stakeholder Deed, in this instance that approach is not feasible due to the significant number of landowners rather than one site where the commitment can be locked in. However, the benefit to the community in regards to encouraging multi-level developments that are aimed at worker accommodation is considered to be significant.
- 67 However, officers have approached the owner of 133 Hallenstein Street to make a contribution of 5% to the Trust for the development of the HDR Zoned site. This is to ensure that Council maintains a consistent process when considering potential SHAs outside the proposed BMU zone. An update will be provided at the Council meeting.

Options

- 68 This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002:

Option 1: Seek public feedback on the re-establishment and extension of the BMU SHA (Height limit of 20m to apply to the sites located in the proposed

BMU zone and 133 Hallenstein Street, and height limit of 15m apply to Warren Park)

Advantages:

- 69 Helps contribute to achieving the purpose of the HASHAA, advancing the principles and priority actions in the Housing Accord, and in particular helps the Council achieve the housing targets in the Housing Accord by enabling new housing aimed at workers accommodation.
- 70 Generates a number of social and economic benefits (both short term and long term) such as the creation of jobs during the construction phase and the long term benefits relating to the provision of workers accommodation;
- 71 Provides the platform for the delivery of studio, 1 or 2 bedroom apartments to the housing market, noting that this type of development is currently in high demand, particularly for much needed worker accommodation.
- 72 Provides the ability to obtain public feedback on the re-establishment and extension of the proposed BMU SHA, which is consistent with the Lead Policy.
- 73 Would signal Council's desire for a stakeholder deed with the landowner of 133 Hallenstein Street to secure a 5% contribution to the Trust and compliance with the height recession plane.

Disadvantages:

- 74 Council is unable to enter into Deeds with individual landowners due to the large number of properties covered. Council misses an opportunity to obtain contributions to Trust for the sites that are proposed to be zoned BMU.
- 75 There is some risk the extension of timeframe of the BMU SHA will enable development that does not align with the eventual shape of the PDP BMU or HDR zone rules, as the PDP is in the early stages of the plan change process and could change substantially following local hearings and the Environment Court Appeals.

Option 2: Recommend extended BMU Zone SHA to the Minister (Height limit of 20m applies to the sites located in the proposed BMU zone, and a height limit of 15m applies to both Warren Park and 133 Hallenstein Street)

Advantages:

- 76 Consistent with the provisions of the BMU and HDR zones of the notified PDP;
- 77 Helps contribute to achieving the purpose of the HASHAA, advancing the principles and priority actions in the Housing Accord, and in particular helps the Council achieve the housing targets in the Housing Accord by enabling new housing aimed at workers accommodation.

- 78 Generates a number of social and economic benefits (both short term and long term) such as the creation of jobs during the construction phase and the long term benefits relating to the provision of workers accommodation;
- 79 Provides the platform for the delivery of studio, 1 or 2 bedroom apartments to the housing market, noting that this type of development is currently in high demand, particularly for much needed worker accommodation.

Disadvantages:

- 80 Council is unable to enter into Deeds with individual landowners due to the large number of properties covered. Council misses an opportunity to obtain contributions to Trust for the sites that are proposed to be zoned BMU.
- 81 Could temporarily forgo the opportunity of the comprehensive development of 133 Hallenstein Street with adjoining properties.
- 82 There is some risk the extension of timeframe of the BMU SHA will enable development that does not align with the eventual shape of the PDP BMU or HDR zone rules, as the PDP is in the early stages of the plan change process and could change substantially following local hearings and the Environment Court Appeals.

Option 3 – Recommend current extent of the BMU zone SHA to the Minister

Advantages:

- 83 Consistent with the provisions of the BMU zone of the notified PDP and Council's approach towards the original BMU SHA;
- 84 Helps contribute to achieving the purpose of the HASHAA, advancing the principles and priority actions in the Housing Accord, and in particular helps the Council achieve the housing targets in the Housing Accord by enabling new housing aimed at workers accommodation;
- 85 Generates a number of social and economic benefits (both short term and long term) such as the creation of jobs during the construction phase and the long term benefits relating to the provision of workers accommodation;
- 86 Provides the platform for the delivery of studio, 1 or 2 bedroom apartments to the housing market, noting that this type of development is currently in high demand, particularly for much needed worker accommodation.
- 87 Would require an expression of interest, and stakeholder deed with the developer of a potential SHA outside of the existing boundaries, which would contribute 5% by value or area to the Trust.

Disadvantages:

- 88 Council is unable to enter into Deeds with individual landowners due to the large number of properties covered.

- 89 Would temporarily forgo the opportunity of the comprehensive development of 133 Hallenstein Street with adjoining properties.
- 90 There is some risk the extension of timeframe of the BMU SHA will enable development that does not align with the eventual shape of the PDP BMU zone rules, as the PDP is in the early stages of the plan change process and could change substantially following local hearings and the Environment Court Appeals.

Option 4 – Retain the status quo (BMU SHA disestablished on the 23 June 2017)

Advantages:

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

Disadvantages:

- 95 Time and resourcing processing individual expression of interests for the BMU zone.
- 96 May result in a lengthy assessment process if proposals were to proceed under the usual statutory process of the PDP process and the RMA.
- 97 Risk that the District's acute housing supply and affordability issues will continue to grow, with resulting social and economic impacts.
- 98 Would forgo the short and long term social and economic benefits offered by the proposal.
- 99 This report recommends **Option 1**.

Significance and Engagement

100 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
- **Community interest:** the matter is of considerable interest to the community

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

Risk

101 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.

102 A key element of this risk is meeting the current and future development needs of the community and providing for development that is consistent with the strategic direction of Council's Policies and Strategies. There is some social risk relating to the economic and social consequences of not meeting development needs, which includes housing provision.

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

Financial Implications

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

Council Policies, Strategies and Bylaws

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

- Lead Policy, which provides guidance for Council's assessment of SHAs.
- The Queenstown-Lakes District Housing Accord.
- ODP, which regulates housing development and urban growth management.
- PDP, which sets out proposed changes to the ODP.
- Housing Our People in our Environment Strategy, which is relevant as it seeks to address the housing affordability issue in the District.
- Economic Development Strategy, a key action of which is to "investigate all options for improving housing affordability in the District".
- 2016/2017 Annual Plan, within which a number of Community Outcomes that are relevant as they relate to the economy, and the natural and built environment.
- 10 Year Plan 2015-2025.

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

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

Local Government Act 2002 Purpose Provisions

108 The recommended option:

- Will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses by ensuring that the best possible outcomes are achieved through out the HASHAA process;
- Can be implemented through current funding under the 10-Year Plan and Annual Plan;
- Is consistent with the Council's plans and policies; and
- Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or transfer the ownership or control of a strategic asset to or from the Council.

Consultation: Community Views and Preferences

109 HASHAA does not set any statutory responsibilities in terms of consultation on the establishment of SHAs. However, the Council has sought public feedback / comment regarding the proposed SHA, which it has done for all SHA proposals. In addition, should the SHA be established, the consent authority may request the written approval of adjoining land owners if they are deemed to be affected and may undertake a limited notification resource consent process.

110 The persons who are affected by or interested in this matter are neighbours adjoining the proposed SHA site, and more generally the wider Wakatipu Basin community. There is also likely to be some wider community interest in the EOI in Queenstown, given the notable lack of worker accommodation options in the Wakatipu Basin.

111 In the original SHA proposal the Council has provided for a community feedback process on the Proposal, consistent with what was done when other SHAs were considered. This feedback was collated and provided to Councillors and made public prior to the Council meeting on 1 March 2016.

112 The feedback attracted comments from approximately 28 parties, 18 of which were in support of the SHA, 4 against and 6 do not indicate either way.

113 It is recommended that Council seek public feedback on the re-establishment and extension of the BMU SHA and this reported back to Council on the 25 May 2017. With a particular focus being whether or not a 20m height limit is also an appropriate qualifying development criteria for 133 Hallenstein Street (subject to a Stakeholder Deed that secures compliance with Rule 9.5.6.1 (Height Recession Plane Rule) of the PDP).

Legal Considerations and Statutory Responsibilities

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

115 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 recent High Court decision. 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.

116 The Council will need to consider the consistency of any decision to recommend this SHA to the Minister and its decision in July to notify the PDP which zones the sites BMU/HDR. The Proposal site is located within the UGB and is an area earmarked for future growth. The proposal is considered to be generally consistent with the Lead Policy, Housing Accord, the Strategic Direction of the PDP and the purpose of the HASHAA.

Attachments

A. Recession plane analysis **Public Excluded**