

**QLDC Council
28 June 2018**

Report for Agenda Item: 2

Department: Planning & Development

Special Housing Area Expression of Interest: Hawea (Universal Developments)

Purpose

- 1 The purpose of this report is to present the Hawea (Universal Developments Hawea Ltd) Expression of Interest (**EOI**) for consideration for recommendation to the Minister for Housing and Urban Development (**the Minister**) as a Special Housing Area (**SHA**).

Executive Summary

- 2 This report to Council assesses the Hawea (Universal Developments Hawea Ltd) (**Hawea EOI**) against the Housing Accords and Special Housing Areas Act 2013 Implementation Guidelines (**the Lead Policy**), which includes the affordable housing contribution. Peer reviews of the infrastructure and transport assessments have confirmed that in principle the site can be adequately serviced however upgrades will be necessary for potable water and interim solutions for wastewater may be required until the scheduled connection to Project Pure is completed.
- 3 The Hawea EOI is contrary to the Operative and Proposed District Plans as it is on land that is zoned Rural General / Rural and is outside of the recently created Hawea urban growth boundary. However the EOI is considered to be consistent with the Lead Policy, the purpose of the Housing Accord and Special Housing Areas Act (**the HASHAA**), and the Queenstown Lakes District Housing Accord (**the Accord**).
- 4 This report recommends that Council should add the area into Category 2 of its Lead policy and then approve in principle the recommendation of the Hawea SHA to the Minister, subject to the negotiation of a Stakeholder Deed and qualifying development criteria.

Recommendation

That Council:

1. **Note** the contents of this report;
2. **Note** that public feedback received has been provided to Councillors separately, and that the response from Te Ao Marama will be reported to Councillors at the meeting;
3. **Amend** the Housing Accords and Special Housing Areas Act 2013 Implementation Guidelines (Lead Policy) to:

- a. add that part of Lot 2 DP343855 shown in the EOI into Category 2 of the Lead Policy; and
 - b. to delete the sentence relating to not accepting proposals for inclusion in Category 2; as set out in **Attachment B**.
4. **Approve in principle** the Hawea EOI for a Special Housing Area and instruct the General Manager of Planning and Development to proceed with negotiation of the Stakeholder Deed that addresses the requirements of the Lead Policy including:
- a. The contribution to the QLCHT, including the doubling of the contribution for Stage 1;
 - b. The proposed affordability mechanisms set out in section 13 of the EOI, including a requirement to meet the price points specified;
 - c. A restriction on visitor accommodation;
 - d. Infrastructure requirements;
 - e. Parks and reserves (including trails, footpaths and connections); and
 - f. Qualifying development criteria for the proposed Special Housing Area.
5. **Instruct** Council officers to report back to the Council on the measures discussed in Point 4 above.

Prepared by:



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14/06/2018

Reviewed and Authorised by:



Tony Avery
GM Planning and
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Background

Purpose of HASHAA, the Housing Accord and Other SHAs

- 1 The purpose of the HASHAA is:

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

- 2 Council entered into the Queenstown Lakes District Housing Accord (**the Accord**) with the Government in 2014, which was subsequently updated on 12

July 2017. The Accord “sets out the Government’s and the Council’s commitment to work together to facilitate an increase in land and housing supply, and improve housing affordability and suitability in the Queenstown Lakes-District. The Accord recognises that by working collaboratively the Government and the Council can achieve better housing outcomes for the District. The priorities are:

- a. The continued development of additional land supply, as quickly as possible, to alleviate pressures in the housing market
 - b. The development of a mix of housing types that are aligned with the Council’s intended plan for residential development to be more affordable, of medium density, closer to key central areas, and on good public transport routes”.
- 3 The Housing Accord has always applied District Wide. Initial targets set by the Government applied only to the Wakatipu Basin, however the updated 2017 Accord amended this so that targets also apply district wide.
- 4 On 26 October 2017 the Council adopted an amended Lead Policy (titled: Housing Accords and Special Housing Areas Act 2013 Implementation Guidelines) (**the Lead Policy**), to guide the Council’s implementation of the HASHAA.
- 5 In total seven SHAs have been recommended by Council and approved by the Minister including:
 - i. Bridesdale Farm;
 - ii. Onslow Road;
 - iii. Arrowtown Retirement Village;
 - iv. Arthurs Point (Bullendale Stage 1);
 - v. Shotover Country;
 - vi. Queenstown Country Club.
 - vii. Business Mixed Use Zone (Gorge Road) (this SHA has been re-established).
- 6 Arthurs Point (Bullendale Stage 2) has recently been recommended by Council to the Minister, and we await the decision of the Minister. Bright Sky SHA in Wanaka has also been approved in principle subject to a Stakeholder deed.
- 7 Six of the seven SHAs are under construction (Gorge Road being the one exception). These SHAs will deliver a potential yield of approximately 885 residential units and aged bed care facilities, thus contributing significantly to the Council’s obligations under the Accord. The Bullendale Stage 2 SHA will add a further 92, totalling 977 units. With the exception of the Bullendale Stage 2 and Business Mixed Use Zone (Gorge Road) all of these SHAs have resource consents and have now been disestablished.
- 8 On 16 September 2016, the Housing Legislation Amendment Act 2016 (**the Amendment Act**) came into effect. 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. Any new Special Housing Areas (**SHAs**) will have until 16 September 2019 until they are disestablished.

Criteria and process for considering SHAs

- 9 The Council will consider each proposed SHA on its own merits. In addition, to the degree of consistency with the Lead Policy, other factors, such as planning and RMA matters, may be relevant to the Council's exercise of discretion to make a recommendation to the Minister. The below process is generally followed when assessing the EOI:

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

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

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

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

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

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

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

- 10 Steps 1 to 3 have been completed. This report addresses Step 4. If the EOI is accepted in principle a further report to Full Council will address Steps 5 and 6.
- 11 The EOI for the proposed Hawea EOI was formally received by Council on 21 May 2018. Public feedback was sought from 23 May to 21 June 2018.

The housing affordability problem in the Queenstown Lakes District

- 12 The analysis of median house price to median annual household income in Figure 1 below over 2016-2018 shows increasing rates on unaffordability for major centres (with the exception of Auckland and Christchurch). It shows that affordability relative to income has decreased significantly over the past two years in Queenstown. An accepted median multiple of 3.0 or less is considered to be a "good" marker for housing affordability. All areas are sitting above this level and Queenstown and Auckland are the least affordable by this measure.

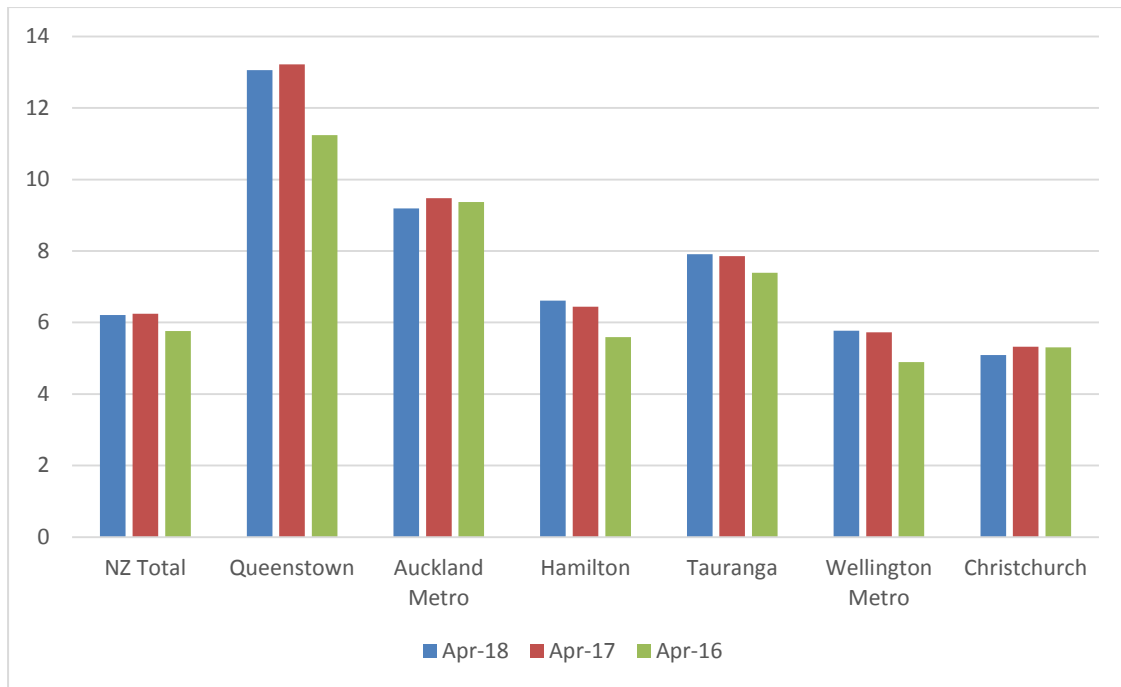


Figure 1: Comparison of median house price to median annual household income¹

13 The Housing Accord also notes that in January 2017, average weekly rents in Queenstown were the highest in the country at \$550, up 22.8 percent from \$448 in January 2016 and above average rents in Auckland (at \$518).

Housing affordability specifically in Hawea

14 Real Estate Institute of New Zealand figures indicate the median sale price for housing in Hawea has increased from \$381,000 in January 2013 to \$625,000 in December 2017. This is an increase of 64 percent over four years. In this regard Hawea has increased significantly more than the rest of the New Zealand (42% over four years) and the rest of New Zealand excluding Auckland (40% over four years), as shown below:

¹ <https://www.interest.co.nz/property/house-price-income-multiples>, June 2018 – 'Queenstown' refers to the whole Queenstown Lakes District

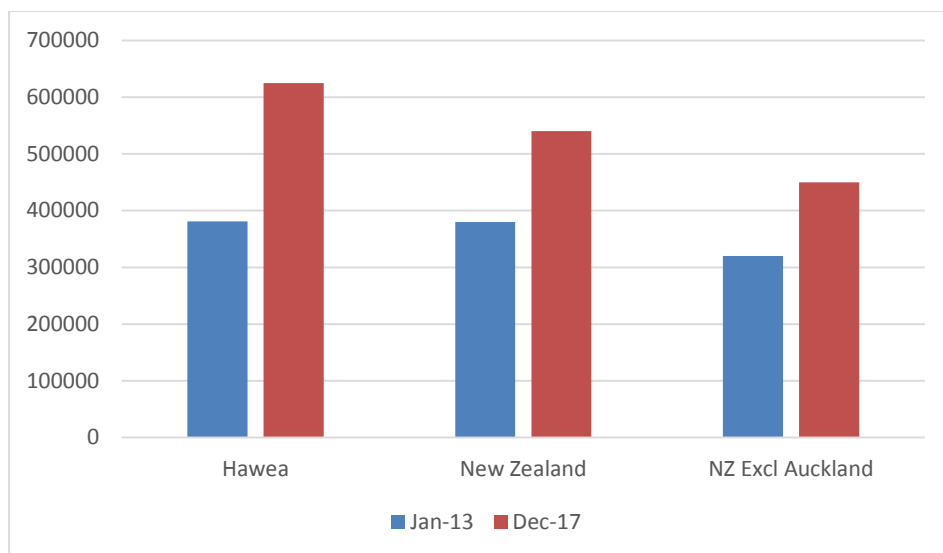


Figure 2: Median sale price changes January 2013 to December 2017²

15 Data provided by Market Economics Ltd breaks median costs down further for Hawea to include vacant residential, but only goes to 2016:

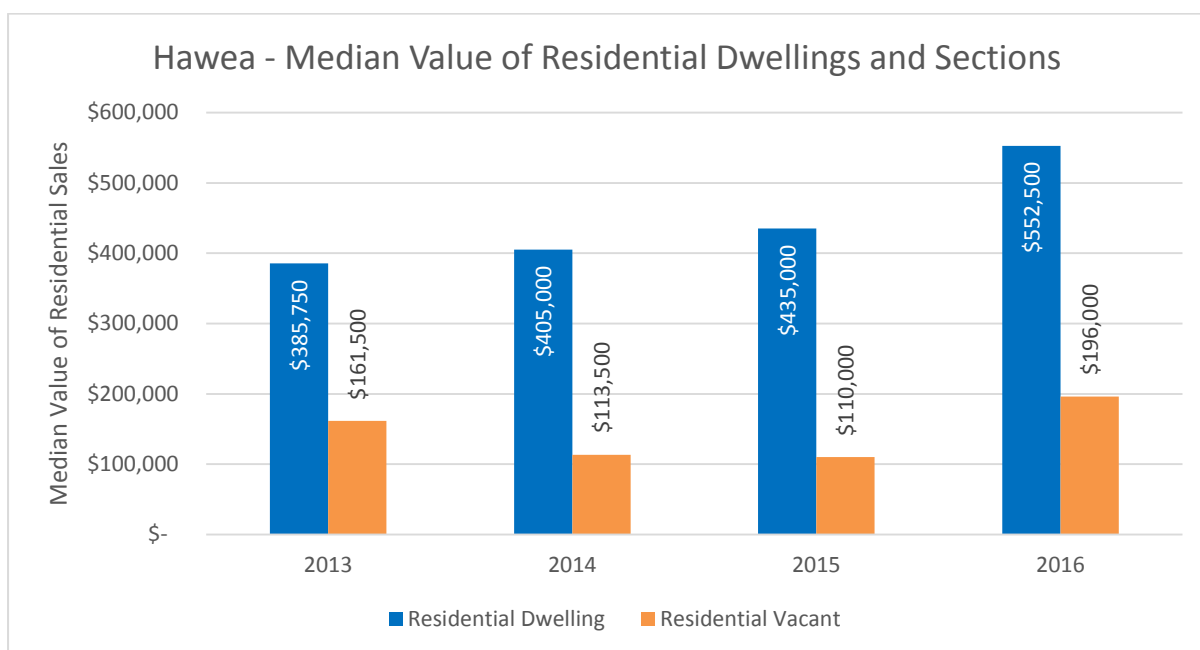


Figure 3: Hawea – Median value of residential dwellings and sections

The supply of land for housing in Hawea

16 Hawea is partly in the Proposed District Plan (in terms of the new Low Density Suburban Residential zoning, the new Large Lot Residential zone, the Corner Shopping Centre and Rural Residential zones) and partly out, with regard to the Township Zone.

² REINZ data for median sales price Jan 2013 – Dec 2017

- 17 Dwelling capacity has been modelled by Market Economics Ltd for the Township and Local Shopping Centre Zones and indicates that commercially feasible and modelled capacity (excluding redevelopment) of 320 in the medium term (next 4-10 years)
- 18 No detailed modelling has been undertaken in terms of the Low Density Suburban and Large Lot Residential zones in Hawea as they have only recently been created through the PDP. Officers estimate of Low Density and Large Lot Residential zone (based on a 450m² and 2,000m² lot size) overall capacities is approximately 290 residential units (after applying a discount for roads and reserves and feasible capacity).
- 19 Total capacity available for Hawea is therefore estimated at 610 (320 + 290) in the medium term (4-10 years). However much of this supply is in a small number of ownerships.
- 20 It is also relevant to note that on census night in 2013, 40% of the properties in Hawea were unoccupied, suggesting these are holiday homes and therefore not available for housing local workers and residents.

Comment

Description of EOI

- 21 The proposal is for a predominantly residential development of approximately 400 sections, plus a community hub area centred on an extended Capell Ave for community and commercial uses. The site is located to the south of Cemetery Road, Hawea. Hawea had a usually resident population of 2175 people in 2013 and it is expected the 2018 census will show the population has grown further. The proposal also includes indicative reserves and roads that would vest with Council should the SHA be approved by the Minister and subdivision consent granted.
- 22 The total area of the site is approximately 32 hectares and it is opposite the Sentinel Park subdivision (90 lots which is currently under construction). The land is currently zoned Rural General and Rural under the Operative and Proposed District Plans.
- 23 The proposal site is shown in relation to Hawea, outlined in blue in Figure 4 below.

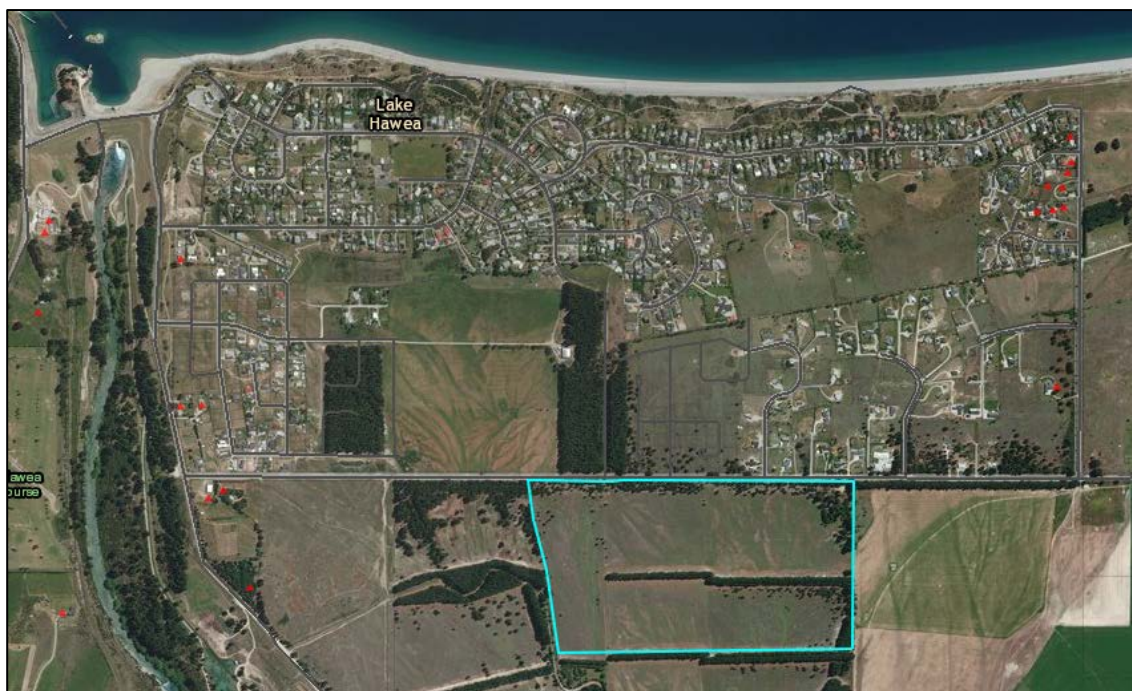


Figure 4: Proposed SHA location within Hawea context

- 24 The developer has confirmed that they will satisfy the affordable housing requirements of the Lead Policy by providing 10% of the developable land area to the Queenstown Lakes Community Housing Trust (**QLCHT**). This will result in approximately 40 sections for the QLCHT. A unique aspect of this EOI is that the proposal includes a contribution of 20% of Stage 1 sections, to ensure the community housing provision is 'front loaded' and not left until the final stages of the development.
- 25 Unlike other SHA proposals, the Hawea EOI includes fixed pricing for land and house specifications between \$464,000 and \$550,000. The proposal targets first home buyers, and by being within the \$550,000 local ceiling for first-home buyers allows them to access extra financial support through the KiwiSaver HomeStart scheme. Specifically first home buyers will be able to access their Kiwi Saver savings *and* be eligible for up to an extra \$20,000 HomeStart grant toward the purchase.
- 26 The proposed indicative roading layout and location of the residential and community hub components is shown in Figure 4. It is noted the EOI is high level and the detailed consideration of the suitability of the roading network, design and scale of development would be thoroughly addressed through the resource consent stage.
- 27 At this time Council is being asked to determine whether it would recommend the EOI to the Minister, rather than assess the details of the proposal which will occur through when subdivision and resource consents are submitted. For example the proposed grid layout would be fully assessed at the subdivision and landuse consent stage.



Figure 4: Potential roading and location of the residential and community hub components

- 28 The EOI comprises plans and images of the proposal, with supporting assessments from a landscape architect, urban designer and engineers. The EOI document and Appendix C are attached as **Attachment A**. All other appendices to the EOI are not included in the published version of the agenda but are available on the Council's website:

<https://www.qldc.govt.nz/your-council/your-views/expression-of-interest/>

Assessment of the Proposal Against Councils Lead Policy on SHAs

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

Location (Point 3.1 of the Lead Policy)

- 31 The site is directly adjacent to the township of Hawea, an area with urban characteristics located approximately 16km and 17 minutes' drive from Wanaka. The site is approximately 1.3km from the Hawea Community Centre (via the currently unformed Capell Ave) and 1.5 km from the Hawea domain (a 44 hectare QLDC reserve).
- 32 The Timsfield and Sentinel Park subdivisions are under construction across the road from the site. The Sentinel Park subdivision provides for 90 lots, and Timsfield provides for a total of approximately 483 lots (based the indicative masterplan on the Timsfield website and noting the new LDSR zoning may increase this number).
- 33 The site is not currently listed in Categories 1 – 3 of the Council's Lead Policy. The EOI requests the Council amend its Lead Policy to include the site in Category 2, which is the category for land which may be suitable for the establishment of SHAs.
- 34 Category 1 is for areas where EOIs would be invited, and was specifically created to 'bring forward' upzonings from the Proposed District Plan.
- 35 Category 2 includes areas that 'may be suitable' for the establishment of SHAs, and includes the Ladies Mile and certain areas in Wanaka.
- 36 Category 3 is areas unsuitable for the establishment of SHAs, and is currently not completed.
- 37 The Lead Policy does state for Category 2 that:

"This category can only be updated following resolution by Full Council, which includes the addition and removal of areas from this category. The Council will not accept proposals or EOIs from landowners or developers to include areas on this schedule"
- 38 This agenda item recommends deleting the final sentence above, for the following reasons. This clause was inserted when Council amended the Lead Policy in October 2016 following the extension of the HASHAA legislation. At the time, officers intended to identify the whole district into either Category 1, 2 or 3 as evidenced by the preceding statement on page 3 of the Lead Policy that *"The Council will group areas of land in the District into three categories"*.
- 39 Before this work stream was commenced, the Government in November 2016 released its final National Policy Statement on Urban Development Capacity which legally requires Council's to prepare a Future Development Strategy. Officers have therefore not been able to report back to Council to complete the District Wide identification of sites because this work needs to be undertaken in tandem with the Future Development Strategy.
- 40 Furthermore it became apparent that 'decisions on submissions' on Stage 1 of the Proposed District Plan would be released in the first quarter of 2018, and that

this would have a major impact on land for development and the need for special housing areas.

- 41 The work on identifying the whole district into either Category 1, 2 or 3 of the Lead Policy was therefore not completed, as it did not make sense to proceed with it ahead of preparing the Future Development Strategy and without knowing the Panel recommendations on Stage 1 of the PDP.
- 42 It is therefore recommended that the request to be added into Category 2 be accepted for consideration, because when the Lead Policy was set the intention was that the whole District would be placed into Category 1, 2, or 3. In the absence of that work, the proposal should not be precluded from even being considered.

Strategic Direction (Point 3.2 of the Lead Policy)

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

3.2.2.1 Ensure urban development occurs in a logical manner:

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

- 44 The proposal is considered to be a 'logical' urban extension of Hawea, recognising the growth opportunities for the town to the north, east and west are constrained by the lake, river and emergency spillway respectively. While development would cross Cemetery Road, the road itself is not a natural barrier to built form and some rural residential development is already provided for across Cemetery Road.
- 45 The proposal is considered to be compact, well designed (at a high level) and which will achieve an integrated urban form. The alignment of the roads to link the development north / south via Capell Avenue is considered crucial to ensuring it is not a stand along island of residential development, physically disconnected from the existing Hawea township.
- 46 The proposal would result in the loss of rural landscapes, however it is not considered to be a sporadic or sprawling development because it planned development that physically adjoins an existing urban area. With regard to the landscape values, the land is not identified as being an Outstanding Natural Landscape but is in open pasture and retains a strong degree of rural character. The landscape assessment Appendix F to the EOI.
- 47 The land is flat, has good access to sunlight, is accessible from existing roads and not identified as having any hazards in Council's hazards register. At a high level, the site is considered to be a suitable area for urban development.
- 48 Overall, the proposal is considered to be well located for SHA purposes, and not contrary to the Strategic Direction Objective 3.2.2.1 as notified.

Decisions Version of Objective 3.2.2.1

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

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

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

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

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

- 50 With regard to the first part of the policy, the location for the urban development in relation to Hawea is considered to be in a 'logical' location.
- 51 With regard to (a) as noted above, the proposal will still retain a compact, well designed (at a high level) and integrated urban form. Again the integration through Capell Ave is crucial to ensure connection with the existing Hawea township.
- 52 In terms of (b), the proposal will arguably build on historical urban settlement patterns by extending the existing Hawea township, rather than creating a new separate township. The proposed grid pattern is found in Wanaka but is not necessarily consistent with the pattern of existing urban development in Hawea, however the disconnected series of cul de sacs currently present should not be replicated.
- 53 The proposed grid pattern is commented on further in paragraphs 102-103 under 'Quality and Design Outcomes' when considering the proposed design.
- 54 With regard to (c) and (g), the proposal achieves the policy in that it does provide both residential and employment land for Hawea, where people can live and work, and reserves will need to vest as part of any subdivision. Space for community facilities is provided for in the community hub area.
- 55 The site is not identified as being hazard prone, geotechnical conditions are expected to be suitable, and climate change has been considered in the engineering report in terms of stormwater.
- 56 With regard to (f), the development will ensure a mix of housing opportunities although it does aim to specifically provide for more affordable options for first home buyers.

57 With regard to (h), the area can be integrated with existing and planned future infrastructure, relying on programmed upgrades funded through the Long Term Plan and contributions to be negotiated with the developer where this results in extra capacity requirements to meet the increased demand.

58 The proposal is not considered contrary to the decisions version of Objective 3.2.2.1.

Hawea Urban Growth Boundary

59 Council's PDP notified in August 2015 did not include an urban growth boundary around Hawea. This was because the Township zones were not considered in Stage 1 and were to be looked at in Stage 3.

60 The Panel considering submissions on the PDP received a detailed submission from the Hawea Community Association seeking an urban growth boundary be placed around Hawea. The submission was accepted and at its meeting on 3 May 2018 the Council accepted the recommendations of its Commissioners to include the UGB for Hawea and notified the decisions version of the PDP. Figure 3 shows the 'decisions version' planning map with the UGB in a red dashed line and the EOI site outlined in blue. Hawea is whited out as it is in Stage 3. Opposite the site is the orange 'Large Lot Residential' zoning, and the brown zoning is a new area of Low Density Suburban Residential. The UGB is the red dashed line.

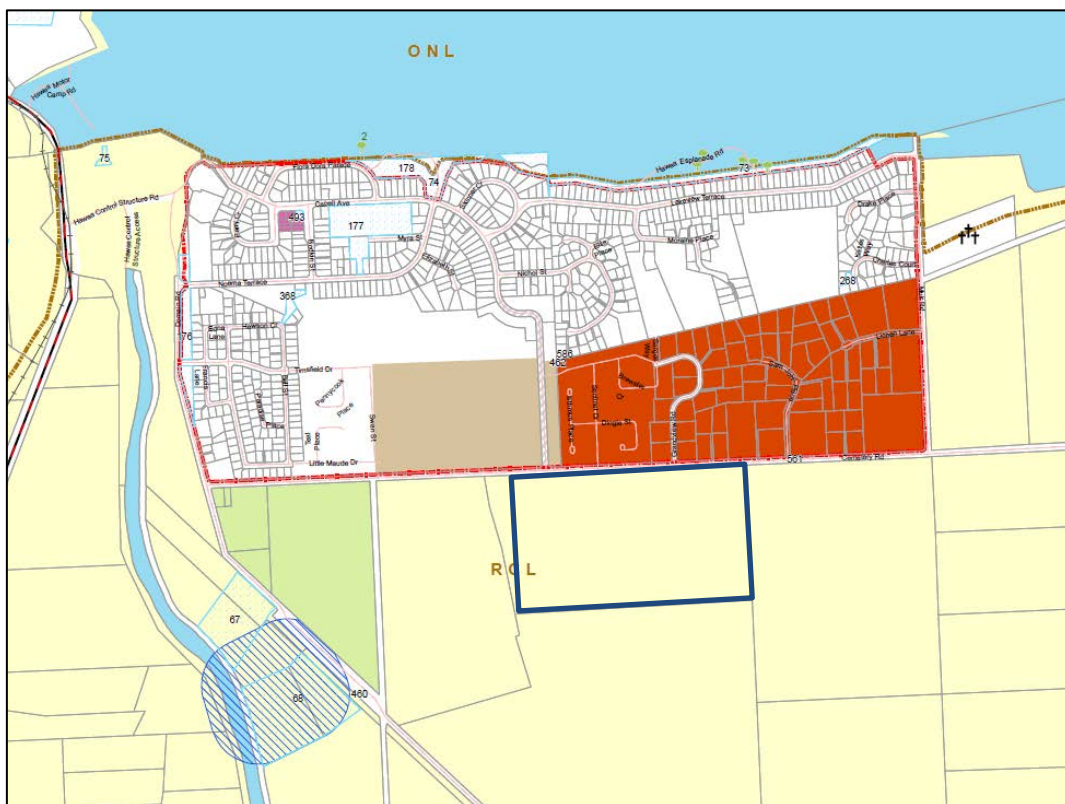


Figure 5: Proposed District Plan 'Decisions Version' Planning Map for Hawea

61 The Hawea urban growth boundary has been appealed by Clark Fortune McDonald & Associates who submitted against the use of Urban Growth

Boundaries generally. The Council will need to determine how to respond to the appeal given it was not Council's approach to put urban growth boundaries around the Township zone in the absence of an assessment of the seven areas zoned Township as a whole and their capacity or otherwise to absorb growth.

- 62 The Lead Policy does emphasise the establishment of SHAs within existing or proposed urban areas that are contained within the proposed UGB of the PDP. The SHA area is clearly located outside of the Hawea UGB as determined through the Stage 1 PDP process, although this is under appeal.
- 63 However the purpose of an urban growth boundary is partly to ensure new urban development occurs in a well-planned and logical manner in relation to existing urban areas. The site of this EOI is capable of ensuring a well-planned and logical urban extension.
- 64 While the proposal is outside the recently created Hawea UGB, that is not fatal to the proposal. Every SHA recommended to the Minister to date has been located outside of the urban growth boundary with the exception of the Council led Gorge Road SHA. A developer would not need the HASHAA if they were already zoned and only needed a subdivision consent.
- 65 The HASHAA is the specific tool created by the Government to enable housing development and an applicant would not need the HASHAA were they in a zoned area where a subdivision consent could simply be lodged. As noted in paragraphs 16-20 above, while there is zoned capacity in Hawea, this is in a small number of ownerships and the availability of zoned land has not prevented median house prices in Hawea increasing rapidly, by 64% between 2013 and 2017.

Infrastructure (Point 3.3 of the Lead Policy)

- 66 If Council agrees with the establishment of the SHA in principle, a Stakeholder Deed would need to be negotiated that secures the infrastructure requirements. This would be reported back to Council at a later stage. A summary of the report and Council Officer response is provided below.
- 67 *Wastewater.* The applicant has liaised closely with the QLDC infrastructure team and the infrastructure assessment has been independently peer reviewed by Holmes Consulting Group.
- 68 Council's existing wastewater treatment plant for Hawea is already operating above capacity, however the LTP provides for a connection to Project Pure in Wanaka by way of a 12km pipeline in 2021/22. Upgrades to Project Pure are also required and are scheduled in the LTP for 2019/20.
- 69 The development can therefore be serviced for wastewater but is dependent on the capital works set out in the LTP being completed. The applicant has provided for three interim options should houses be ready to connect prior to the Project Pure connection being in place, to ensure the wastewater is able to be dealt with. The timing of the development and the connection to Project Pure will therefore be crucial to the development, as the interim solutions ideally would not

be relied upon long term. Development contributions paid would contribute directly to the Project Pure pipeline as it is in the LTP.

- 70 *Potable water*: A comprehensive modelling report was prepared by Watershed Limited. Modelling was based on two scenarios, an initial development of 50-200 lots, and a future demand scenario based on 2058 growth figures for Hawea and full development (400 lots).
- 71 Both scenarios will require infrastructure upgrades. In order to adequately supply the initial development, approximately 1.8 km of 150 mm diameter pipe is required (through the undeveloped Capell Avenue to existing infrastructure in the west end of Cemetery Road). This is a planned upgrade in QLDC's CAPEX programme (budgeted \$306,638).
- 72 For the future scenario, upgrades include two large diameter trunk mains (350 mm diameter from Scott's Beach Bore Field through to Capell Avenue and a 250 mm diameter main through Cemetery Road, adjacent to Timsfield). The 150 mm diameter water mains mentioned previously also form part of the supply network for the future demand scenario.
- 73 Neither of the proposed upgrades noted above are as a direct result of the Lake Hawea SHA. As such, it is expected that the Lake Hawea SHA developer would contribute to these upgrade costs through standard developer contributions plus any cost associated with expediting these upgrades. It is noted however that the QLDC infrastructure team note that any new housing developments of significant size would likely result in pump upgrades to the existing Hawea Bore Pump Station and Treatment Plant. Therefore, this may result in specific developer costs. This is a matter that can be addressed in the Stakeholder Deed.
- 74 The water demands calculated by Watershed have considered only residential development and have not made allowance for commercial water demands. While the demands calculated considering only residential lots are appropriate for the site, further modelling may be required to confirm any impact of a mixed use development, particularly with regard to fire-fighting water supplies. This matter can be addressed at the resource consent stage once the size of buildings in the community hub are better understood.
- 75 *Stormwater*: It is proposed to attenuate post-development peak stormwater flows to pre-development levels through use of Low Impact Design (LID) systems in line with QLDC's engineering standards. The catchment of the subject site is approximately 35 hectares.
- 76 The applicant has consulted with the Otago Regional Council (ORC), who identified two significant issues in relation to stormwater management:
- The need to recharge local aquifers with stormwater
 - The treatment of stormwater to avoid contamination of groundwater.
- 77 The peer review agrees that the LID approach to stormwater design proposed is likely to help achieve both these issues. Test pits and soakage tests at an adjacent site (Sentinel Park), show that stormwater disposal via onsite soakage is a viable option.

- 78 Treatment of stormwater to the standards required by ORC will be required prior to discharge to ground. Any cost associated with stormwater infrastructure will be borne entirely by the developer.
- 79 *Transport:* The development proposed will be accessed from Cemetery Road, via a new cross intersection with Capell Ave. Roding connections are also proposed to link with Sentinel Drive and Grandview Road. A trail connection already exists from Cemetery Road through to Swann Street in Timsfield, and to Isthmus Place in Sentinel Park. Trails are also apparent along Domain Road and the northern side of Cemetery Road.
- 80 A transport assessment has been undertaken as part of the EOI, and this concludes that that “the traffic generated by the development is likely to be accommodated on the adjacent roading network without capacity or efficiency issues arising that are more than minor, even when allowing for traffic associated with the Timsfield and Sentinel Park subdivisions”. It is apparent the Level of Service for various intersections will decrease as a result of the development, although “forecast queues and delays at the intersection which is the most likely to experience the greatest increase in traffic flows (Capell Avenue / Domain Road) remain low”.
- 81 The report also acknowledges that there may be a requirement to improve existing roads in the area to meet the Council’s subdivision code as result of increased traffic flows arising from the development and also the traffic associated with Timsfield and Sentinel Park subdivisions. In this regard, the demand is not just from the Hawea SHA, and such upgrades would be covered from the normal development contributions for roading taken for each lot created,
- 82 This report was peer reviewed by Novo Group. Overall Novo Group were *“generally satisfied with the assessment provided and at a high level we accept that the transportation issues are generally acceptable on the receiving environment. This ultimately will require some refinement of the detailed design at a future subdivision stage, although these could be readily overcome”*.

Formation of Capell Avenue

- 83 The EOI design links the development to the existing Hawea township via Capell Avenue, which is currently unformed. The formation of Capell Avenue is not currently in the Council’s LTP and would normally fall to the developer of the surrounding land as the land is subdivided. Capell Avenue runs through the Timsfield subdivision and on the Timsfield masterplan would provide access to many lots. Capell Avenue is therefore likely to be formed as part of the Timsfield development. If there is a delay to the formation, the existing route out of Hawea via Cemetery Road and Domain Road remains and is the same in terms of travel time.
- 84 Overall the proposal can be supported from a traffic and transportation perspective.
- 85 *Geotechnical:* A high level geotechnical assessment has been undertaken by Mt Iron Geodrill. The ground conditions consist of glacial outwash gravels across

the site. It is not expected that any conditions will be encountered that that require complex engineering design and / or construction works.

- 86 Overall, the proposed development can be provided with the necessary infrastructure subject to potable water upgrades and potentially interim solutions for wastewater. These matters can be secured through a Stakeholder Deed.

Affordability (Point 3.4 of the Lead Policy)

- 87 The Lead Policy puts the onus on the developer to identify mechanisms to ensure that housing developed in a special housing area addresses the district's housing affordability issues.

- 88 The EOI would help to address housing affordability generally by increasing supply in the district by providing for up to 400 additional sections. The EOI focuses on providing for first home buyers. The developers has worked with building companies to deliver house and land packages to the market within the Kiwisaver house price cap - currently \$550,000 for a new house within the Queenstown Lakes District. This is accepted as a reasonable benchmark for an affordable price point and pricing at this level has not been delivered to the market within the Queenstown Lakes District with any certainty in the past.

- 89 Fixed pricing for house and land packages between \$464,000 and \$550,000 is proposed. The following are examples of options that will be available:

- \$464,000 – 2 Bed, 2 Car Garage with driveway and front yard landscaping
- \$499,000 – 3 Bed, 1 Car Garage with driveway and front yard landscaping
- \$550,00 – 3/4 Bed, 2 Car Garage with driveway and front yard landscaping

- 90 In targeting first home buyers, the developer has agreed to only requiring a 5% deposit, rather than the normal 10% and to extending the due diligence period. This better aligns with the specific approvals first home buyers are required to go through when gaining access and approval to KiwiSaver funds.

- 91 Creating greater certainty around the cost is challenging for first home buyers as they typically need to deal with a developer for a section and then go to building companies to then try figure out how much it will cost to build a house on that section. Providing housing with price points below the KiwiSaver HomeStart level will mean a package rarely available in the Queenstown Lakes District will be offered.

- 92 The developer has advised that property speculation would be “dampened” by proposing the following:

- A limit on the number of sections a single purchaser can purchase.
- Applying a vetting system to ensure genuine home buyers have priority, not speculators.
- A developer covenant restricting re-sale of sections within 2 years.
- A full 10% deposit for non-KiwiSaver buyers.

- 93 As Council is aware from the Bridesdale SHA, and from its deliberations regarding whether to add Ladies Mile into the Lead Policy, it is very difficult to completely prevent speculation of bare sections and /or land and building packages. The developer may deliver them to the market at a relatively affordable rate, however the on selling can quickly escalate prices. There is no easy solution to preventing speculation, although it is accepted that providing land and house packages reduces it due to the greater capital outlay required compared to just a section.
- 94 The vetting system used by Shotover Country has anecdotally proven to be effective at reducing turnover. A vetting system could be prepared and reviewed by QLDC through a stakeholder deed, however it does rely on the developer sticking to it.
- 95 Overall the affordability criteria of the Lead Policy are satisfied by the EOI.

Affordable Housing Contribution (Point 3.5 of the Lead Policy)

- 96 The developer has confirmed they would satisfy the affordable housing requirements of the Lead Policy (10% contribution – approximately 40 sections). If the EOI is accepted in principle, the details of this would be negotiated and form part of the Deed that would be reported back at a Full Council meeting.
- 97 In addition, the developer has offered to ‘bring forward’ the contribution for the first stage of development so that 20% of sections are provided as part of Stage 1. E.g. if Stage 1 is for 40 lots, normally four lots would go the QLCHT, under the proposal the first stage would be 8 lots. A clause in the Stakeholder Deed could be used to ensure Stage 1 is of a decent size.
- 98 Special Housing Areas are a mechanism to create housing, not visitor accommodation. The developer has agreed clauses can be added to the Draft Deed to restrict short term rental/visitor accommodation to the level permitted under the future Proposed District Plan, consistent with section 3.4 of the Lead Policy.

Community Feedback (Point 3.6 of the Lead Policy)

- 99 HASHAA does not set any statutory responsibilities in terms of consultation on the establishment of SHAs. However, the Council has sought public feedback / comment on all SHA proposals. Should the SHA be established, the subsequent resource consent can be served on adjoining land owners only if they are deemed to be affected. Full public notification is not provided for.
- 100 The EOI was placed on the Council’s website on 23 May 2018, which is consistent with how other SHAs were considered. Feedback closed on 21 June 2017 and will be collated and provided to Councillors and made public prior to the Council meeting.
- 101 A petition in opposition to the proposal was also received by QLDC on 17 May 2018 from the Keep Hawea Beautiful group, prior to the EOI being lodged. The petition contains approximately 380 signatures. The petition has been included as part of the feedback to Councillors.

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

102 'High Quality Residential Development' is defined in Attachment C to the Lead Policy. Four facets are highlighted that are commented on below. The proposal includes a full assessment against the criteria set out in the Lead Policy, as part of Attachment T to the EOI. This assessment is comprehensive and is adopted for the purposes of this report, and summarised below.

a. Integrating into the neighbourhood:

The proposal is directly adjacent to the Hawea township and the scheme seeks to connect to the township by making Capell Ave a key north – south linkage. This reinforces existing connections and ensures the new development will link to the existing town and is not an isolated development. The community hub area is also centred around Capell Ave, which could provide for commercial and community uses. Sentinel Drive and Grandview Road are also directly connected to. Public reserves are centrally located.

b. Creating a place

The site is flat and therefore a connected grid street pattern is considered a logical and appropriate design response. Within the grid, a hierarchy of streets is proposed with a 'Main Street' focussing on Capell Ave and the hub whilst access opposite Sentinel Drive will draw on this established character to provide a high quality entrance to the development.

The grid street network and east west streets will form view shafts that will then draw focus to the mountain ranges that enclose the wider Hawea basin, drawing on this sense of place in the character of the development. Two inherent characteristics of the grid plan, frequent intersections and orthogonal geometry, facilitate pedestrian movement. The geometry helps with orientation and wayfinding and its frequent intersections with the choice and directness of route to desired destinations.

The street and block arrangement will encourage outdoor living in the rear yard of lots, which will have good access to sunlight and therefore reduce the potential for conflict in front yards caused by privacy issues. Guidelines are also proposed to ensure dwellings are designed to positively contribute to the street and avoid garages dominating the streetscape.

c. Street and Home

Two cross sections have been provided (Attachment Q to EOI) that illustrate the future street design and integration of carriageway, on-street parking, street trees and footpaths. The use of indented parking bays will also assist to visually narrow the street.

The orientation of lots as discussed above has been developed to reduce the potential for conflict between public and private space with a predominance of east-west orientated lots.

The block depth is also sufficient to ensure lots have room behind the dwelling for private open space therefore avoiding it having to be located in the front yard.

d. Environmental Responsibility

The applicant has negotiated a deal with Infinite Energy NZ Ltd to provide a free solar upgrade for any person who purchases a solar package for their house within the development therefore assisting to incentives the uptake of solar systems.

The site has very good access to sun throughout the year and this along with the layout of the subdivision will ensure all lots have good access to sun to ensure buildings are dry and easier to keep warm with opportunities for solar gain. Individual lots are capable of having on-site gardens.

- 103 Overall the EOI is a design-led proposal that is well located adjacent to Hawea. The design is deliberately 'permeable' which assists with facilitating walking and cycling. The design positively responds to the urban design principles set out in the Urban Design Protocol and the design outcomes specified in Attachment C of the Lead Policy.

Parks and Reserves

- 104 As a greenfield development, the development will be able to comply with the Council's Parks and Open Space Strategy 2017 (**POSS**). Two 'local parks' are proposed (formerly known as neighbourhood reserves). Council's Parks and Reserves team have reviewed the indicative master plan and note the reserves are centrally located, have good interface with the street and surrounding neighbourhood and are on flat sites which is positive.

- 105 Under the POSS, a 'Local Park' (3000m²) is required for every 400 household units in a greenfield development. The EOI would meet this requirement, and the exact location of parks and reserves can be considered further at the subdivision stage, should the area be made a SHA. This requirement can also be included in a draft Deed.

Timely Development (Point 3.8 of the Lead Policy)

- 106 The developer has confirmed that they are motivated and willing to develop as soon as possible. Universal own the site outright and have working capital ready to commit to the project.

- 107 The requirement to proceed in a timely manner would form part of the draft Stakeholder Deed. Universal's record with other developments including The Heights and Dungarvon (former Wanaka primary school) demonstrates they do progress developments quickly.

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

Agency Responses

Ministry of Education (MoE)

109 The Ministry of Education has written advising that:

“having considered the proposal, the direct impact on Hawea Flat school would be in the order of two to three classrooms. There is available capacity on the school site to accommodate this scale of potential growth. Similarly, given the scale of the proposal, the direct impact on Mt Aspiring College would also be accommodated through usual operational processes. Ministry has plans in place for the expansion of Hawea Flat school and Mt Aspiring college in response to the ongoing residential development within the catchments of both these schools. Additional capacity will be provided to these schools in response to growing demand”.

New Zealand Transport Agency (NZTA)

110 The development will result in additional vehicle movements on the State Highway network, particularly to Wanaka via the one lane bridge at Albert Town. NZTA were consulted and have written advising they “are satisfied that the proposal is unlikely to have any immediate adverse effects on the safety, efficiency and functionality of the transport network”.

Otago Regional Council (ORC)

111 The ORC has provided initial feedback for this proposal. ORC are particularly interested in the approach to the three waters services. It is noted that rainfall in the wider Hawea area contributes to the recharge of its local aquifers, particularly the Hawea Flat aquifer. An increase in hard surfaces (roofs, paved areas, roading) can reduce natural recharge of groundwater aquifers.

112 The proposed management of stormwater (which is to utilise low impact design) will be an issue of high interest to ORC should the EOI be accepted, particularly the treatment method before disposal to ensure it avoids contamination of groundwater. Any discharge of stormwater will need to comply with the rules of the ORC water plan - and possibly require ORC consent.

113 ORC’s expectation is that drinking water supply and wastewater will be serviced by reticulated communal services (not ‘on-site’ services such as septic tanks). The proposal is to use reticulated water and wastewater systems, subject to upgrades and the planned connection to Project Pure.

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

114 Aukaha have written confirming they do and have no specific concerns with the proposal. They do request that an archaeological authority discovery protocol be adhered to, and that where appropriate indigenous plants are used for landscape planting. TAMI comments have not been received at the agenda deadline and will be reported to Council at the meeting.

Planning Considerations

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

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

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

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

“...the HASHAA gave both the Minister and a local authority a discretion and, clearly, the actual location of areas of land to be recommended (and to that extent what could be described as planning or RMA matters) were always appropriate considerations in any such recommendation”.³

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

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

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

³ Paragraph 56

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

RMA Plan Change vs SHA process

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

123 The HASHAA is a lawful means of providing for additional housing supply. However if the HASHAA was not available, the applicant would have to either seek resource consent, seek a private plan change, or submit on the Proposed District Plan (Stage 3) seeking the Township zone be expanded. The table below summarises the timeframes and extent of public involvement in the three different processes (seeking a resource consent is not a realistic option):

	HASHAA Consent process	RMA plan change process	Submission on stage 3 PDP
Estimated timeframe s for paperwork & process from start	6 months	12-18 months (if no appeals) 2 – 2.5 years if appeals	2-2.5 years (if appealed) Stage 3 due to be notified for submissions in 1 st qtr 2019
Estimated minimum timeframe for occupatio n of first houses from today	12-18 months	24 – 36 months	36 months +
Steps if approved	<ul style="list-style-type: none"> - EOI reported to Council - Council recommends to Minister, - Minister approves and then gazettal as a SHA. - Resource consents then lodged. - May be limited notified to neighbours - Decision made 	<ul style="list-style-type: none"> - Prepare variation & s.32 cost benefit analysis, - Report to Council - Notify for submissions - Notify for further submissions - Public hearing - Appeals - Decision made - Lodgement of resource consents 	<ul style="list-style-type: none"> - Submissions lodged - Further submissions - Hearings held - Panel recommendations adopted by QLDC - Decisions notified - Appeals - Decision made - Lodgement of resource consents

Conclusion

124 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. Like virtually every SHA recommended to date, the proposal is contrary to the Operative and Proposed District Plans as the land is zoned Rural General / Rural and is outside the new UGB for Hawea (although this has been appealed).

125 The proposal is focused on dwellings that fall into the affordable category within the Queenstown Lakes district (1 to 3 + bedrooms) and less than \$550,000. Council's Infrastructure Department have confirmed that the proposal is acceptable in principle, subject to planned upgrades or being provided for through the Stakeholder Deeds.

126 The proposal is consistent with the Lead Policy.

127 The resolution sought is that the Council approve the EOI in principle subject to a Stakeholder Deed being negotiated.

Options

128 Option 1: Approve in principle the establishment of the Hawea SHA subject to the negotiation of a Stakeholder Deed.

Advantages:

129 Helps contribute to achieving the purpose of the HASHAA, advancing the principles and priority actions in the Housing Accord, and helps the Council to achieve the housing targets in the Housing Accord by enabling new housing aimed at first home owners to be constructed.

130 Generates a number of social and economic benefits (both short term and long term) such as the creation of jobs during the construction phase and long term benefits relating to the increased provision of the supply of a range of houses, particularly in the affordable bracket;

131 Contributes to affordable housing in the Hawea / Wanaka area;

132 Provides the opportunity for a Stakeholder Deed to be negotiated ensuring that the proposal is consistent with the Lead Policy and can be appropriately serviced, thus reducing the overall risks to Council;

133 Would create competition in the Hawea market for sections between Sentinel Park, Timsfield and Universal Developments, potentially driving section prices down.

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

Disadvantages:

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

136 Not consistent with the ODP or PDP, including the recently created urban growth boundary for Hawea.

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

Advantages:

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

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

Disadvantages:

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

141 Would forgo the short term and long term social and economic benefits offered by the proposed (outlined above).

142 Would not assist in meeting Housing Accord targets.

143 Would not result in a 10% contribution (40 lots) to the QLCHT.

144 Would require the developers to wait for the Proposed District Plan to be finalised which could take years due to appeals.

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

Significance and Engagement

146 This matter is of high significance, as determined by reference to the Council's Significance and Engagement Policy because:

- Importance: the matter is of high importance to the District. Housing supply and affordability is a critical issue for the District;
- Community interest: the matter is of considerable interest to the community
- Existing policy and strategy: The proposal is considered consistent with the Housing Accord, HAT report and broadly consistent with the Council's Lead Policy (the agenda item notes that circumstances have changed with regard to requests for addition into Category 2). The proposal is not consistent with the ODP and PDP.
- Capability and Capacity: In principle it is accepted that the site can be serviced by existing infrastructure but upgrades are required in terms of water supply and planned upgrades need to be completed for waste water although interim solutions are available.

Risk

147 This matter relates to the strategic risk SR1 'Current and future development needs of the community (including environmental protection)' as documented in the Council's risk register. The risk is classed as high. This is because of economic, social, environmental and reputational risks if the current and future development needs of the community (including environmental protection) are not met.

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

Financial Implications

149 Under the HASHAA, developers are required to provide the necessary infrastructure to service their developments. Council negotiates Stakeholder Deeds to ensure the necessary infrastructure is provided.

Council Policies, Strategies and Bylaws

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

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

151 This matter is partly included in the 10-Year Plan/Annual Plan, in the sense that certain infrastructure development that the proposal relies on are budgeted and programmed for completion in the LTP.

Local Government Act 2002 Purpose Provisions

152 The proposed resolution accords with Section 10 of the Local Government Act 2002, in that it fulfils the need for good-quality performance of regulatory functions. The recommended option:

- a. Will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses by utilising the HASHAA to enable increased levels of residential development on the proposal site;
- b. Can currently be implemented through current funding under the 10-Year Plan and Annual Plan;
- c. Is not consistent with the Council's Operative or Proposed District Plans but is consistent with other policies such as the Housing Accord, Lead Policy and HAT report; and
- d. Would not alter the intended level of infrastructural service provision undertaken by or on behalf of the Council.

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

80 Identification of inconsistent decisions

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

(a) the inconsistency; and

(b) the reasons for the inconsistency; and

(c) any intention of the local authority to amend the policy or plan to accommodate the decision.

(2) Subsection (1) does not derogate from any other provision of this Act or of any other enactment.

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

155 With regard to (b), the reasons for the inconsistency is the recent decision of Council to adopt the recommendations of its Hearings Panel,

156 With regard to (c), the Township zone will be looked at comprehensively as part of Stage 3 of the PDP. The intention of the Council is to comprehensively review and update all Township zones, including the provisions for Hawea, including their spatial extent.

Consultation: Community Views and Preferences

157 The Council has sought public feedback / comment regarding the proposed SHA, which it has done for all SHA proposals. In addition, should the SHA be established, the subsequent resource consent may be limited notified to neighbouring parties.

158 The developer has also consulted with the community including open days, attendance at community meetings and meeting with various groups.

Legal Considerations and Statutory Responsibilities

159 The purpose of the HASHAA is detailed in paragraph 6 of this report. HASHAA provides limited guidance as to the assessment of potential SHAs, beyond housing demand and infrastructure concerns. HASHAA is silent on the relevance of planning considerations; however the Council's legal advice is that these are relevant considerations and this has been confirmed by the High Court. The weight to be given to these matters is at the Council's discretion,

having regard to the overall purpose of HASHAA. These matters have been considered in this report.

- 160 The Council will need to consider the consistency of any decision to recommend this SHA to the Minister and its decision in May to accept the recommendations of its Commissioners and notify the decisions version of the PDP which included an urban growth boundary around Hawea (now under appeal). The Proposal site is located outside the UGB, but is immediately contiguous to the existing Hawea urban area.
- 161 The proposal is considered to be generally consistent with the Lead Policy, Housing Accord and the purpose of the HASHAA. Allowing development on the southern side of Cemetery Road would inevitably change the characteristics of this area. This is one of the key issues that Council needs to consider in recommending the proposal to the Minister and is a finely balanced recommendation.
- 162 In this instance the provision of housing is considered to outweigh the adverse effects of proceeding with a development that may completely change the existing rural character of the area. There is an opportunity for the Council to masterplan the future growth of this area so that it happens in a managed and sustainable way rather than ad hoc developments by individual landowners.
- 163 On balance, officers recommend that the Council recommend the establishment of the SHA to the Minister of Housing and Urban Development.

Attachments (Distributed separately)

- A Hawea SHA Expression of Interest & Appendix C – Indicative Masterplan (all other appendices available here:

<https://www.qldc.govt.nz/your-council/your-views/expression-of-interest/>

- B Proposed amended Lead Policy – 28 June 2018