

**QLDC Council: Extraordinary meeting
11 September 2014**

Report for Agenda Item: 1

Department:

Planning and Development

Plan Change 50 – Queenstown Town Centre Zone

Purpose

- 1 To present the section 32 evaluation report and proposed plan provisions for proposed Plan Change 50 – Queenstown Town Centre Zone, for Council's endorsement and public notification.

Executive Summary

- 2 Proposed Plan Change 50 – Queenstown Town Centre Zone (**'PC50'**) will provide for the expansion of the existing Queenstown Town Centre Zone (**'QTCZ'**) through the rezoning of:
 - The Council-owned Lakeview site;
 - Some privately owned land adjoining the Lakeview site and bounded by Thompson and Glasgow Streets;
 - 34 Brecon Street site;
 - Two additional blocks (the **'Isle Street blocks'**); and
 - The Lake Street/Beach Street/Hay Street/ Man Street block (the **'Beach Street block'**).
- 3 All the sites subject to the proposed plan change are currently zoned High Density Residential sub-zone A (**'HDRZ'** or **'HDR'**) in the Operative Queenstown Lakes District Plan (the **'District Plan'**). 34 Brecon Street is also subject to a Commercial Precinct Overlay under the District Plan.
- 4 It is proposed that both the Lakeview site and Isle Street blocks will be rezoned QTCZ and will form sub-zones to the existing QTCZ set out in section 10 of the District Plan. 34 Brecon Street is proposed to form part of the Lakeview sub-zone. These proposed re-zonings will be more enabling in terms of height, land use controls and development rights, however will be subject to more detailed design requirements.
- 5 The Beach Street block will be rezoned QTCZ, however will retain the existing HDRZ height and noise standards that apply to this area of land.

6 The extent of PC50 is set out in Figure 1 below.

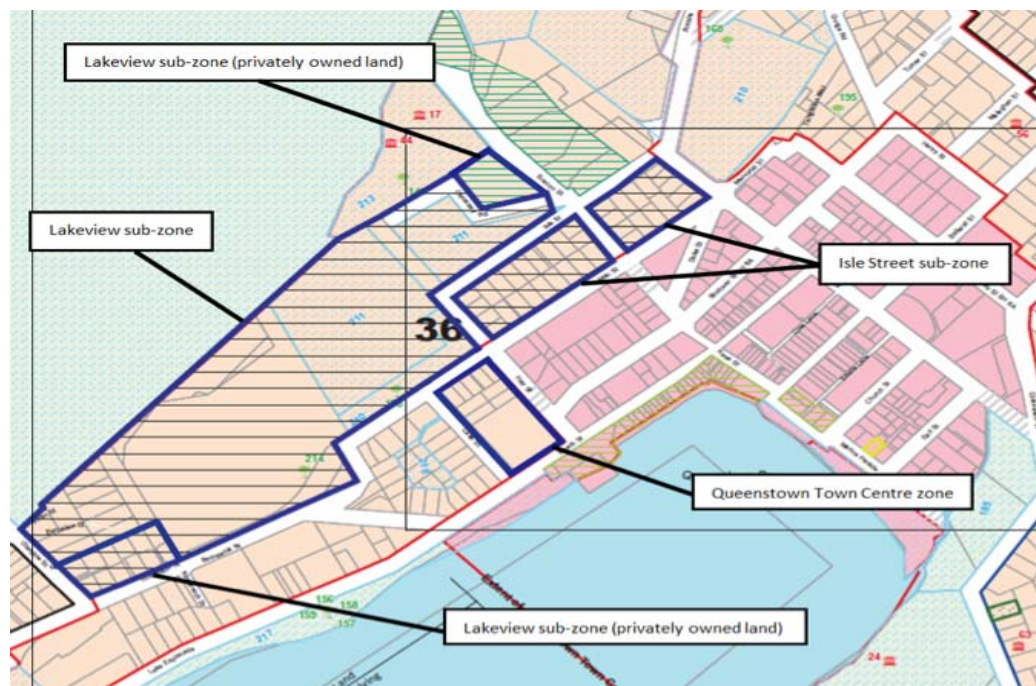


Figure 1 – Plan Change boundary.

7 Overall, it is considered that the information supporting PC50 is appropriate for acceptance and that sufficient information has been provided to enable the plan change to be notified for submissions.

Recommendation

8 That Council:

a. **Note** the contents of this report, in particular

- i. Additional private land has been included in the proposed zone as a result of consultation;
- ii. The section 32 evaluation report and associated technical reports supporting Plan Change 50 – Queenstown Town Centre Zone which have identified materially greater benefits than adverse effects from the proposed plan change, including:

- a. Significantly increased economic benefits than under the current zoning;
- b. Improved access to more useable and higher quality public open space;
- c. Opportunities for greater diversity in housing options;
- d. Addressing land shortages within the current Queenstown CBD

- iii. The proposed policy response to address the issues and the resulting benefits;

- b. **Agree** to the notification of PC50 and direct staff to publicly notify the proposed Plan Change in accordance with the 1st Schedule of the Resource Management Act 1991.
- c. **Authorise** officers to make further minor changes to the Section 32 evaluation report and provisions without further recourse to the Council, where this is necessary to:
 - i. Ensure consistent numbering and formatting of the proposed district plan text; and
 - ii. To fix identified minor errors and/or omissions.

Prepared by:



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Reviewed and Authorised by:



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03/09/2014

04/09/2014

Background

- 9 The purpose of PC50 is to address an undersupply or shortage of land zoned as 'Queenstown Town Centre' that was originally identified in the McDermott Miller Strategies Ltd report (November 2013) commissioned by the Council.¹ The report signalled a clear need for an expanded Queenstown Town Centre in order to provide for and facilitate projected growth.
- 10 The Lakeview Site has been identified as one of the Council's most strategically important assets with scope to facilitate well-planned economic growth for Queenstown's town centre and the wider District. It is appropriately sited to address current land capacity issues that have been identified with the Queenstown Town Centre.
- 11 The Council's lead on the development of a convention centre on the Lakeview site has been informed by consultation undertaken under the Annual Plan process. This led to the Council resolving to continue with the Queenstown convention centre development at Lakeview at its meeting on 26 June 2014.

¹ Refer page 5 of the section 32 evaluation report.

Pre-lodgement Consultation

- 12 In July 2014, during the preparation of PC50, the Council implemented a consultation strategy with existing landowners and stakeholders considered to be directly affected by the proposed plan change. An overview of the consultation process adopted as part of the preparation stage of PC50 is set out in section 4.0 of the section 32 evaluation report. In summary, 51 parties responded with feedback. Of the feedback received, 17 parties stated they agreed with the plan change proposed and 25 were opposed to it and nine were neutral (or did not say whether they supported the plan change or not).
- 13 The key outcomes to arise from the consultation process have been the inclusion of 34 Brecon Street and the Beach Street block within the extent of the PC50 area.
- 14 The plan change before the Council has been amended to respond to other matters raised during this consultation process. A number of these matters are more comprehensively addressed within the Assessment of Environmental Effects (AEE) which supports the section 32 evaluation report.

Comment: Key Issues and Policy Direction

- 15 The Section 32 evaluation states that the resource management issues to be addressed by this plan change include:²
 - Providing additional commercially zoned land to address the shortage of the QTCZ to ensure the Queenstown commercial centre remains the dominant tourist centre and the primary commercial centre for the District;
 - Facilitating opportunities for economic growth in the tourism sector by providing for increased opportunities for commercial tourism development within Queenstown;
 - Providing opportunities for greater diversity in housing options.
- 16 The purpose of PC50 is to address the QTCZ capacity issues to ensure the Queenstown Town Centre can maintain and enhance its role as the commercial, civic, and community hub of the district and as the primary tourism centre. The section 32 evaluation report³ considers this to be an urgent issue facing the District, and one that can be addressed via the proposed rezoning.

Policy Response

- 17 Section 32(1)(a) of the RMA requires an evaluation to examine the extent that a new objective is the most appropriate way to achieve the purpose of the Act. One new objective is proposed as part of this plan change and is

² Refer page 5 of section 32 evaluation report.

³ Refer page 8 of section 32 evaluation report

proposed to be inserted within the Queenstown Town Centre objectives and policies (Section 10.2.4):

“Objective 3 – A high quality, attractive environment within the Lakeview sub-zone where new business, tourist, community and high density residential activities will be the predominant use.”

- 18 Section 32(1)(b)(i) requires the identification of other reasonably practicable options for achieving the objectives as part of the plan change evaluation. Accordingly, the section 32 evaluation report identifies four alternative planning strategies that could be used to address the resource management issues. These options are:
 1. Option 1 - Inserting new provisions in the High Density Residential zone of the District Plan that provide for commercial activities, a convention centre and fewer restrictions on residential activities and buildings;
 2. Option 2 - Rezoning the sites with the Queenstown Town Centre zone provisions applied with no changes to these provisions;
 3. Option 3 - Maintaining the status quo (the “do nothing” approach).
 4. Option 4 - Rezoning the sites to Queenstown Town Centre Zone and including specific sub-zone for the Isle Street and Lakeview sites to provide specific built outcomes for these areas, and providing specific provisions for the Beach Street site that manages built form and noise at this site.
- 19 The following table provides a summary of the options and their key pros and cons.

	Costs	Benefits
Option 1: Insert new provisions into HDRZ	<ol style="list-style-type: none"> 1. Existing objectives supporting the HDRZ are focussed on residential activities and provide for residential amenity. 2. Objectives unlikely to support larger scale commercial development. 3. Question whether this option would address resource management issue. 4. Would unlikely address capacity issues facing the Queenstown Town Centre. 	<ol style="list-style-type: none"> 1. This option could ease the limitations on residential development for the Lakeview site. 2. May offer an opportunity to introduce more affordable housing.
Option 2: Rezone site QTCZ with no change to provisions	<ol style="list-style-type: none"> 1. All buildings are controlled activities within QTCZ, however more control is considered necessary to ensure that the development of Lakeview site is optimised. 2. A convention centre requires specific provisions to appropriately manage effects. 3. Height limits for the QTCZ do not provide for sufficient development intensity. 4. Some limitations on retail activities are considered necessary to avoid large format retail at this site 5. A combination of car parking requirements is considered necessary 	<ol style="list-style-type: none"> 1. This option would seek to address the resource management issue in part, and offer a more efficient option as it would avoid the need to make further amendments to the QTCZ provisions.

	<p>at the Lakeview site to reflect the site's connection with the commercial centre and residential areas.</p> <ol style="list-style-type: none"> Greater level of control is required for the Isle Street Block, Beach Street Block than is currently provided in QTCZ. Would not fully address resource management issue and would potentially generate greater effects within the Isle Street Block and Beach Street Blocks, as the existing QTCZ provisions would not adequately respond to these respective blocks. 	
Option 3: Status Quo	<ol style="list-style-type: none"> The status quo option does not address the resource management issue. Commercial activities greater than 40m² are a non-complying activity in the HDRZ. Resource consent would be required for a number of activities at these sites, which could prevent or hinder possible development. Under the status quo, the opportunities to achieve economic benefits for the District would not be realised (as set out in the McDermott Miller Strategies Report (attached as Appendix A to the Section 32 report) and the Insight Report attached as Appendix H to the section 32 report). 	<ol style="list-style-type: none"> The status quo would require no additional spend on rezoning.

Option 4: Advancing PC50	<ol style="list-style-type: none"> 1. Financial cost of the Plan Change process. 2. Loss of existing cabins which offer affordable housing option, however this should be balanced against the fact PC50 could offer more diverse and higher quality residential housing than presently exists. 	<ol style="list-style-type: none"> 1. Provides for appropriately zoned land in a way, which is consistent with the proposed strategic direction of the District Plan Review. 2. Provides for sub-zones for the Isle Street block and Lakeview Site. Incorporating the Beach Street block into QTCZ tailors the District Plan provisions to manage built development and activities within these areas. 3. Seeks to achieve resource management issues identified.
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- 20 Option 4 is the recommended approach for achieving the objective advanced within PC50. It is the only option considered that will seek to fully achieve the resource management issues identified.
- 21 Section 32(1)(b)(i) requires an assessment of the efficiency and effectiveness of the provisions in achieving the objectives advanced within the plan change. The section 32 evaluation report sets out a comprehensive evaluation of the proposed provisions being introduced as part of PC50, which are set out in Table 1.⁴ It is considered that the section 32 evaluation report addresses each of the provisions proposed in accordance with section 32(1)(b)(i) of the RMA.
- 22 The more significant of the proposed changes to support the objective to be introduced by PC50 are set out below:

Relevant Plan Change Area	Proposed Changes
Lakeview sub-zone	
Objectives and Policies	<ul style="list-style-type: none"> Introduces new objective into section 10.2.4 (Objectives and Policies) supporting Section 10.2.1 (Queenstown Town Centre). The new objective supported by 10 new policies.
Structure Plan	<ul style="list-style-type: none"> The Structure Plan includes the roading layout through the sub-zone and areas required for road widening purposes.
Height Limit Plan	<ul style="list-style-type: none"> Height limits increase from 8 metres under the HDRZ up to a maximum of 26 metres to enable intensification. This provides for building heights that range from 3 to 7 storeys with larger buildings located to the rear of the site, adjoining the Ben Lomond Scenic Reserve; Under a new site standard the maximum building height limits may be exceeded by the use of a roof bonus
New Provisions	<ul style="list-style-type: none"> All buildings are to be controlled activities (as in the QTCZ but with additional urban design controls); A Convention Centre is provided for in the QTCZ Lakeview sub-zone as a Controlled activity, and a Discretionary activity for the remainder of the zone; A new definition of 'convention centre' is included; As with the existing QTCZ provisions, applications for controlled activities can be advanced without notification (unless special circumstances exist); Retail activities in the Lakeview sub-zone will be managed by a new Zone Standard, which seeks to prevent large format retail (by providing for a maximum gross floor area of 400m² per tenancy). This is to ensure the sub-zones complement rather than detract from the existing QTCZ and the existing and proposed retail areas at Frankton; On site carparking and bus parking is required for some activities to manage parking demand and facilitate other modes and transport, in particular the development of pedestrian routes.

⁴ refer page 32 of the Section 32 Evaluation Report

Isle Street sub-zone	
Objectives and Policies	<ul style="list-style-type: none"> The Isle Street sub-zone is supported by existing objective 1 under section 10.2.4 and is complemented with two new policies.
New Provisions	<ul style="list-style-type: none"> All buildings are to be controlled activities (as in the QTCZ); As with the existing QTCZ provisions all applications for controlled activities can be advanced without the need for notification (unless special circumstances exist); Retail activities in the Isle Street sub-zone will be managed by a new Zone Standard which seeks to prevent large format retail (by providing for a maximum gross floor area of 400m² per tenancy) so as to ensure the sub-zones complement rather than detract from the existing QTCZ and the retail areas at Frankton; Height limits for the sub-zone have increased to enable an additional storey for buildings (maximum building height is 12m above ground level), and two additional storeys in certain circumstances.⁵
Transportation Section (Chapter 14)	<ul style="list-style-type: none"> The parking provisions specific to the Lakeview sub-zone will be incorporated into Chapter 14 of the District Plan;
Subdivision Section (Chapter 15)	<ul style="list-style-type: none"> Introduces a new discretionary activity rule for any subdivision within the Lakeview sub-zone that is not in general accordance with structure plan.

Designations

Camping Ground

- 23 The existing Lake View Holiday Park is located on the proposed Lakeview sub-zone site. The designation boundary governing the holiday park will be amended to enable the development of a currently under-utilised part of the Lakeview site. It is intended that the alteration to this designation will be sought once the plan change has progressed further.

Cemetery Road Designation

- 24 Cemetery Road is a formed road that currently provides one access to the Lake View Holiday Park. In order to ensure the efficient use of this land in the future, the proposed Queenstown Town Centre Lakeview sub-zone is proposed to extend over Cemetery Road.

Cost & Benefits of Proposed Provisions

- 25 Under section 32(2)(a) of the RMA an assessment under section 32(2)(1)(b)(ii) must:

...identify and assess the benefits and costs of the environmental, economic, social, and cultural effects that are anticipated from the implementation of the provisions, including the opportunities for
(i) economic growth that are anticipated to be provided or reduced and

⁵ Where a site within the Isle Street sub-zone has boundaries facing both Isle Street and Man Street, and has a site area greater than 2000m², the provisions supporting this sub-zone allow a maximum building of 15.5m as a discretionary activity

(ii) employment that are anticipated to be provided or reduced.

26 The AEE supporting the section 32 evaluation addresses a range of matters applicable under section 32(2)(a) of the RMA. The key findings of the AEE are:

- The proposed plan change will result in significantly increased economic benefits than would result under the current zoning, including increased employment opportunities and contribution to GDP and a consequent positive effect on household incomes;
- If developed, the convention centre would result in significant economic benefits for the tourism industry and the wider community;
- The plan change will result in a high quality urban environment with accessible and useable public open space areas;
- Any increases in traffic movements resulting from the activities provided for by the plan change can be managed within the existing road network, with the creation of new roads, and with some road widening within the Lakeview site;
- While the Lakeview site is currently serviced, some upgrades to the servicing will be required as the site is developed, particularly the stormwater system;
- Protected heritage trees shall remain protected under the District Plan.
- The holiday cabins (which will be removed from the site as it is developed) should be documented to ensure that this period of domestic tourism is recorded;
- When viewed in the context of the township in the foreground and with the backdrop of the Outstanding Natural Landscape of Ben Lomond scenic reserve and mountain range beyond, the proposed increase in building height on the Lakeview site is considered to be appropriate.

27 In expanding upon the direct economic and employment benefits of PC50, the AEE sets out that the plan change will deliver social and economic benefits to the District.⁶ Insight Economics (**'Insight'**) has identified a range of economic considerations as follows:

- The mix of development envisaged by the plan change scenario will make a positive contribution to the district's most significant industry – tourism
- The likely plan change development will enable a much-needed expansion of the CBD without threatening its viability or causing any adverse effects on it.
- The plan change is unlikely to have any retail distribution effects or other adverse effects on other centres, particularly Frankton (including Remarkables Park).
- Even if the convention centre component does not proceed, the plan change is likely to still deliver significant economic benefits to the district.

⁶ Refer section 3.1 of the AEE at page 19.

- The plan change is likely to deliver positive economic impacts overall, and should therefore be accepted on economic grounds.⁷

28 While retaining the status quo planning provisions over the land subject to this plan change may have some economic effects, these will mainly relate to future potential construction and therefore be short-lived. Conversely, future developments under the plan change are likely to deliver a wide range of enduring economic and strategic benefits, even without the convention centre and this includes addressing the shortage of land available to maintain the sustainable and efficient use of the QTCZ.⁸

29 Overall, I am satisfied that the information presented within the Section 32 evaluation and supporting AEE satisfactorily addresses the requirements of section 32 (2)(a) of the RMA sufficient for the plan change to be accepted for notification.

Financial Implications

30 Should the Council adopt the recommendation; the financial costs of the Plan Change will be met through existing budgets approved as part of the 2014/15 Annual Plan.

Local Government Act 2002 ('LGA') Purpose Provisions

31 The proposal gives effect to the purpose of local government because:

Activity (local democracy, infrastructure, local public services, or performance of regulatory functions)	The Plan Change addresses existing capacity issues by facilitating additional supply of appropriately zoned land and associated community and network infrastructure.
Quality (efficient, effective and appropriate to present and future circumstances)	The Plan Change is the most efficient and effective option for addressing the current land supply issues facing the Queenstown Town Centre, while enabling longer term social, economic and cultural opportunities for residents and businesses alike.
Economic (most cost-effective for households and businesses)	The proposed Plan Change is considered to be a facilitator of economic growth. Rezoning of the site adds value to an existing QLDC asset. The use of sub-zones within the existing QTCZ is the most effective option, and avoids potentially more costly re-zoning options.

⁷ Refer Insight Economics Report Titled Economic Analysis of the Proposed Lakeview Plan Change dated July 2014.

⁸ Page 4 of the Insight Economics Report Titled Economic Analysis of the Proposed Lakeview Plan Change dated July 2014.

Council Policies

32 The Council's Policy on Significance is relevant to this report in that this proposal:

- Moderately affects a large number of ratepayers;
- Affects small number of ratepayers to a large extent; and
- Is a matter of wide public interest in District.

Consultation

33 We have set out the background consultation that has been undertaken by the Council prior to the submission of PC50, including the consultation undertaken to inform the acceptability of a convention centre on the Lakeview Site.

34 The Council has advanced a number of consultation processes linked to the development of a convention centre (undertaken following the Council's resolution of 26 July 2013). A more targeted consultation process with existing landowners and stakeholders relating to this plan change was undertaken and is summarised earlier in this report.

35 Formal consultation will occur should the recommendation to notify PC50 for submissions be accepted. This includes the ability to write submissions and be heard at a hearing before independent commissioners.

Publicity

36 No media statement or public communication is required. Should the recommendation be accepted, this Plan Change will be publicly notified through the normal RMA process.

Attachments

- A Proposed Plan Change 50 - Queenstown Town Centre Zone, supported by the Section 32 Evaluation Report and Assessment of Environmental Effects, prepared by Mitchell Partnerships Limited, dated August 2014 and available on the Council's website:

<http://www.qldc.govt.nz/council-online/council-documents/agendas-and-minutes/full-council-agendas/2014-full-council-agendas/11-september-2014/>