



Bullendale Developments Limited

Expression of Interest:

Arthurs Point Special Housing Area Extension

November 2017

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Executive Summary

Bullendale Developments Limited, in association with Frank Tomasi and family (current owners of the land), submits this Expression of Interest (EOI) for the site legally described as Lot 2 DP 12913, for consideration as an extension to the existing Arthurs Point Special Housing Area (SHA).

The EOI comprises a master-planned residential development scheme. The scheme comprises a medium density proposal consisting of townhouses on compact sections.

The proposed SHA extension has been designed to deliver a seamless development extension from the existing SHA development on the adjoining land (legally described as Lot 1 DP 12913). Roding connections stitch the sites together, as does a consistent urban design approach. It is consistent with Council's Implementation Policy on Special Housing Areas, and the statutory considerations under the Housing Accords and Special Housing Areas Act 2103.

Of particular note, the SHA will:

- Provide significant additional housing supply to Queenstown in a timely manner;
- Provide increased diversity of housing options to the Queenstown market;
- Provide new housing that is priced at a 'market affordable' price point, through the use of small section sizes and compact and efficient housing designs;
- Be underpinned by a comprehensively designed, cohesive master plan based on best practice urban design principles;
- Be adequately serviced by infrastructure.
- Reinforce an evolving 'village' node of development at Arthurs Point, located adjacent to the Queenstown Bus Service bus stop.

Bullendale Developments Limited commit to the 10% Community Housing contribution as specified in Council's Implementation Policy on Special Housing Areas.

Most importantly, Bullendale Developments Limited have demonstrated, with the Bullendale development currently well into construction, that they will deliver well designed housing solutions to a high standard at 'market affordable' price points. This should give Council the confidence that Bullendale will continue to deliver much needed housing into the Queenstown market efficiently and in a timely manner.

1. The Bullendale Proposal

1.1 The Bullendale Team

The Tomasi Family

The Tomasi Family are the owners of the land.

Mr Gianfranco (Frank) Tomasi is a leading figure in Australia's peak electrical industry body the National Electrical and Communications Association (NECA) and was awarded an Order of Australia in the 2013 Australia Day Honours List. Mr Tomasi has a strong and long standing background in the Australian electrical industry. Mr Tomasi's electrical contracting interests have in the past contracted in New Zealand providing support to major mining operations. Mr Tomasi has owned the Arthurs Point site since 2006.

The March Family

The March Family is well known for their involvement in New Zealand's mining industry.

The family's mining story began in 1983, with their first mining venture in the Kawarau River in Gibbston Valley. The March's went onto establish robust mining operations in the nearby Shotover River in Skippers Canyon - an area renowned for its isolation, cold climate and flooded rivers. They mined there until recently when they shifted to a large and successful open cast operation in Southland's Waikaka Valley.

Momentum Projects – Development Manager

Mr Fairmaid is the director of Momentum Projects and is one of New Zealand's leading project managers. Mr Fairmaid has considerable experience in land and property development and is involved in multiple residential developments across the South Island.

Mr Fairmaid's primary focus is on moving projects forward smoothly and efficiently for his clients, to ensure their build is completed on time and as planned. In partnership with the March Family, Mr Fairmaid has been instrumental in driving the successful execution of the Bullendale housing development currently progressing in the Arthurs Point SHA.

1.2 The Arthurs Point SHA Extension Site

The existing Arthurs Point SHA comprises the site with the legal description of Lot 1 DP 12913. The land is currently being developed, with completion of all stages anticipated by 2020.

This EOI proposes extending the existing SHA westwards, to incorporate the land legally described as Lot 2 DP 12913. The title for the site is attached as **Appendix 1**.

Similar to the land on the existing SHA site, the site slopes up gently / moderately from the Arthurs Point frontage to the top of the site (the site slope steepens through its mid to upper portions). Much of the

upper slope of the site is vegetated with wilding pines (to be removed).

An existing house is located on the property, just below the mid portion of the site. This house would be demolished to facilitate the proposed development.

While the site has characteristics more akin to a rural residential property, the lower half of the site is zoned Low Density Residential in both the Operative and Proposed Queenstown Lakes District Plans. Development of the site will form a natural development linkage between the development underway on the established Arthurs Point SHA, and the established residential subdivision in Arthurs Point.

Several residential properties adjoin the western boundary of the site. Like the subject site, these properties are zoned Low Density Residential. These properties contain large areas of mature trees, and trees running along the common boundary of the subject site provide a good level of screening between the properties.

1.3 Proposed Urban Design and Development Approach

The urban design approach to the masterplanning of the site is comprehensively set out in **Appendix 2** to this EOI.

The proposed development will attain vehicular access from the roading network being developed on the land to the east of the site in the existing SHA development. This means that the development will not require a further vehicle access from Arthurs Point Road. Within the development, the following proposed roads are to be vested:

- Lane – serving 20 residential dwellings or less, legal width 9m with target operating speed 20km/hr. This allows for parking and pedestrians to share the carriageway with vehicles.
- Local roads – serving 200 residential dwellings or less, legal width 15m with a target operating speed 30km/hr. These roads require footpaths both sides and indented car park bays.

A full unit typology is enclosed in the masterplan documentation in Appendix 2. The masterplan illustrates a total 91 dwellings of which 50 (55%) are in the walk-up terraced apartment configuration and the balance are low-level semi-detached and free-standing dwellings. While a developed concept for resource consent may reduce the percentage or number of Walk-up Terraces, this typology was designed for (but not utilised in Bullendale) dual-key self-contained ancillary units – and implementing this innovation would maintain an equivalent yield. Consequently the 91 dwelling outcome represents a ‘deliverable’ yield to underpin the EOI but the levels of 1 or 2 bedroom dwellings is hard to cement, suffice to say it will be significant.

The design utilises all of the same housing types as are being used in Bullendale, and will have maximum building heights of 4 storeys, or 3 storeys above the basement/ground level car park. This is not only to maintain a visual coherence but also because these have been proven to be desirable and cost-effective to deliver for first home buyers.

The walk-up terraced apartment buildings have been sited with consideration for cost-effective extension of the wood-chip fuelled central heating system being considered for Bullendale. This innovation will be a significant contributor to reducing utility costs and delivering a high-quality living

environment for apartment dwellers – contributing to affordability outcomes.

The area of reserves/open space for the development equates to a total area of 1,500m² of the development site. Bullendale is undertaking ongoing consultation with Council's Reserves team.

1.4 Proposed Architectural Approach

Foley Architects undertook the architectural design for the Bullendale development. Foley will be reengaged to develop the house designs for the SHA extension site.

As outlined above, similar dwelling types will be utilised for the SHA extension. In addition, the architectural 'language' will be similar, with some opportunity for subtle variations.

2. Statutory and Council Policy Considerations for the Assessment of Potential Special Housing Areas

2.1 Housing Accords and Special Housing Areas Act

In terms of establishing Special Housing Areas (as distinguished from assessing Qualifying Development applications within established SHA's) the key statutory matters are set out in Section 16(3) of HASHAA:

The Minister must not recommend the making of an Order in Council under this section unless the Minister is satisfied that—

- (a) 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*
- (b) there is evidence of demand to create qualifying developments in specific areas of the scheduled region or district; and*
- (c) there will be demand for residential housing in the proposed special housing area.*

While the matters relate to the Minister of Housing's decision making functions, it follows that Council must be satisfied as to these matters in order to recommend a SHA to the Minister.

With regard to the question of 'adequate infrastructure', the majority of the site subject to development is zoned Low Density Residential which contemplates the potential for comprehensive residential development at relatively high densities. Council asset plans would have taken into account the future potential development of this and other under-developed sites in Arthurs Point, and development contributions will be charged against any development to fund future infrastructure upgrades in the area. Only a very small area of development will extend above the boundary between the Low Density Residential zone and the Rural zone, and as this part of the development is contiguous with the development below, contained within the Low Density Residential zone, there will be seamless provision of infrastructure.

Aurum Consultants have undertaken an assessment of water, stormwater and wastewater infrastructure capacity to service the development. Their report is attached as **Appendix 3**. While the masterplan shows a yield of 91 dwellings, Aurum have taken a conservative view, assuming the development of 100 dwellings.

Aurum conclude:

'Based on the existing services within close proximity to the proposal it is understood capacity is available to adequately cater for this development.'

Meanwhile, Jason Bartlett Consulting have undertaken a transport assessment to confirm that roading infrastructure in the locality is adequate to cater for the proposed development. The traffic assessment report is attached as **Appendix 4**. The assessment concludes:

'It is considered that the existing transport infrastructure, including the construction of consented infrastructure at Bullendale, will be able to accommodate the additional transport demands of the proposed Tomasi SHA.'

David Bell of BG Consultants has advised that there are no geotechnical issues with establishing foundations at the lower part of the site consisting of the alluvial terrace. Further investigation is required for the upper part of the site for the dwelling foundations and roading due to the Coronet Peak Landslide, although it is noted that infrastructure can realistically be installed (refer to **Appendix 5**).

With regard to the matters of demand, sales data over the past two years shows strong ongoing demand for housing in Queenstown. The Queenstown Housing Accord between Council and central government is predicated on the strong evidence of population growth and high levels of housing demand in the district.

Section 15 of HASHAA sets out the criteria that may be prescribed for 'Qualifying Developments' in SHAs. The criteria include maximum building heights, maximum number of storeys, minimum number of dwellings. With regard to these matters, the following criteria are proposed:

Maximum Building Height: 27m

Maximum Number of Storeys: 4

Minimum Number of Dwellings: 3

2.2 Queenstown Lakes District Council's 'Housing Accords and Special Housing Areas Act 2013 Implementation Policy' (24 November 2016)

Council's Implementation Policy sets out 8 Objectives that frame Council's overall approach to the Housing Accord and Special Housing Areas. The objectives are outlined below and commented on.

1. Recommendation of special housing areas facilitates an increase in land for housing supply.

As the lower half of the site (over which the majority of the development is occurring) is already zoned Low Density Residential, SHA status in and of itself does not in itself facilitate a significant increase in land *area* for housing supply. However, SHA status for the land allows for greater design flexibility and housing yield, through levels of density higher than what might be contemplated by the Low Density Residential zoning. In addition, the streamlined consenting process associated with SHA status assists significantly with the risk profile of development, which enables the development to be brought forward with greater speed and confidence.

2. *Special housing areas are established in appropriate locations, where there is evidence of demand for residential housing.*

As outlined above, The Queenstown Housing Accord is predicated on the fact that there is evidence of strong demand for residential housing existing in the District.

The proposed SHA is considered to be in an appropriate location. The majority of the land that is being developed has a zoning of Low Density Residential under the Proposed District Plan, and is located within the Queenstown Urban Growth Boundary in the Proposed District Plan. A minor proportion of the development is proposed to occur just above the boundary of the Low Density Residential zone, within a very small area of the Rural zone.

The development of the site as a coordinated 'extension' to the existing development occurring on the established Arthurs Point SHA site immediately to the east is logical and desirable.

The site has excellent access to Queenstown, either by private motor vehicle or bus.

3. *The establishment of special housing areas accords with the Council's overall strategic direction for urban development in the District.*

The establishment of the SHA accords with the Council's overall strategic direction for urban development in the District. The majority of the proposed development sits within the Queenstown Urban Growth Boundaries shown in the Proposed Queenstown Lakes District Plan, and is consistent with the expectations for urban growth and form espoused in the Strategic Direction and Urban Development chapters of the Proposed Plan. Only a minor proportion of the proposed development extends a short distance above the Urban Growth Boundary and into the Rural Zone. Overall, this is considered a minor and non-consequential policy divergence.

4. *Adequate infrastructure exists or is likely to exist to service qualifying developments in special housing areas.*

As outlined above, adequate infrastructure exists to service any qualifying development that may occur in the SHA.

5. *Qualifying developments within special housing areas take a proactive approach to improving housing affordability issues by providing an appropriate mix of housing options including housing for owner occupiers, first home buyers, accommodation for workers, and facilitating the provision of community housing.*

The masterplan for the development builds on the development approach advanced on the adjoining land to the east in the existing SHA, whereby compact townhouses are delivered on compact sections to deliver 'market affordable' housing. These housing typologies have wide ranging and flexible applicability, providing options for owner occupiers, first home buyers, and 'workers'. Furthermore, Bullendale have engaged in preliminary discussions with the Queenstown Community Housing Trust.

6. *There is community feedback as part of the establishment of proposed special housing areas.*

Council will manage a process of community feedback following submission of this Expression of Interest.

7. *The development of special housing areas will achieve high quality urban design outcomes.*

The SHA development vision is underpinned by strong urban design principles. Urban Designer Bruce Weir (The Property Group) has advanced an urban design structure for the site, which seeks to enhance community wellbeing through a design that:

- Fosters strong connectivity within the development and with other adjacent developments and wider Arthurs Point;
- Provides for a permeable transport network;
- Provides for diversity and housing choice;
- Utilises green spaces and lanes to provide good amenity for residents.

8. *Development of housing in special housing areas occurs as quickly as practicable.*

Development within the proposed SHA is planned to be delivered promptly, building on the team and resources that have been mobilised for the development currently occurring on the existing SHA site to the east.

2.3 Council Criteria for Assessing Special Housing Area Proposals

Section 3 of the Council's Lead Policy sets out the criteria that council will use to assess SHA proposals, in addition to the statutory considerations.

The criteria are addressed under the headings below:

1. **Location**

This criterion relates to Council's categorization of land in the District, into 3 categories:

a. Category 1 includes areas that are considered suitable for establishment as special housing areas. These areas have been identified or zoned in the Proposed District Plan for residential development or intensification and/or are located within the proposed urban growth boundary. Category 1 areas are listed in Attachment A.

b. Category 2 includes areas that may be suitable for establishment as special housing areas, subject to further assessment against this policy. 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. Category 2 areas are listed in Attachment A.

c. Category 3 includes areas that are not considered suitable for establishment as special housing areas. Category 3 areas are listed in Attachment A.

Attachment A of Council's Implementation Policy outlines that the following zoned areas within the Queenstown Urban Growth Boundaries of the Proposed District Plan are Category 1 locations:

• Low Density Residential Zone; • Medium Density Residential Zone; • High Density Residential Zone; and • Business Mixed Use Zone. This excludes any land that is located within the Queenstown Airport Air Noise Boundary and Outer Control Boundary.

The majority of the proposed SHA is zoned Low Density Residential under the Proposed District Plan. As noted above, a minor proportion of the proposed development is located just outside of the Urban Growth Boundary, which is considered to have minimal impact.

2. Strategic Direction

The Lead Policy criterion states:

The Council will consider proposed special housing areas in light of its overall strategic direction for development in the District. This includes ensuring that 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.*

This includes establishing special housing areas within existing urban areas, or proposed urban areas in the Proposed District Plan, including those that are anticipated to fall within urban growth boundaries.

The proposed SHA is generally consistent with this criterion. The majority of the proposed development is zoned residential, and located within Queenstown's Urban Growth Boundary, in the Proposed District Plan. The slight extension into the adjoining Rural zone is of limited consequence, and due to the steep slope of the upper reaches of the site will not lead to sprawling development beyond this point.

The proposal is assessed against the Strategic Direction (Chapter 3) objectives and policies of the Proposed District Plan, and as outlined below, considered to be consistent with these.

1. Develop a prosperous, resilient and equitable economy.

Affordable housing is central to the development of a prosperous, resilient and equitable economy. The proposal will contribute to the provision of affordable housing which will help achieve these economic outcomes.

2. *The strategic and integrated management of urban growth.*

The proposal is an extension of the consented (and under construction) Arthurs Point SHA located to the east of the site. The proposal mimics the general site layout, varying unit typology, and amenities, to represent an integrated and cohesive residential development that will be developed over time (i.e. in stages). The residential development is relatively compact in form and concentrated at the lower slopes of the sites adjacent to Arthurs Point Road. This also enables ease of access and connection to public infrastructure.

The majority of the proposed development is located within the Queenstown Urban Growth Boundary, and integrated urban development is further promoted by virtue of the site's location on a public transport route, near a bus stop. Along with other large scale development under construction or planned at Arthurs Point, the Queenstown Bus Service will receive significant patronage support from development at this node.

3. *A quality built environment taking into account the character of individual communities.*

The proposal residential development of the site will seamlessly integrate with the adjoining approved (and under construction) Bullendale SHA to the east. As proposed, the unit layout, typology, character and onsite amenities are an extension of the consented/existing Bullendale development. The sympathetic building heights and scale of the development will not dominate the local environment, rather integrate with the mixed residential/visitor accommodation character of the area. Further the inclusion of affordable units provides a more inclusive community.

4. *The protection of our natural environment and ecosystems.*

The proposed development is focused around the lower part of the sloped site, closest to Arthurs Point Road and where the development will seamlessly integrate with the adjoining Bullendale development to the east. The upper and steeper parts of the slope remain protected from development. The site is not located on or adjacent to any sensitive natural environments. Accordingly, there are no adverse effects on the natural environment (that are not adequately mitigated) or on any known notable ecosystems.

5. *Our distinctive landscapes are protected from inappropriate development.*

As outlined above, the majority of the proposed development is for the lower parts of the site directly adjacent to Arthurs Point Road. Part of the proposed development will extend by a small margin into the Outstanding Natural Landscape, however this represents a small encroachment into this landscape that, in the context of the overall contiguous development, is not considered to be inappropriate development.

6. *Enable a safe and healthy community that is strong, diverse and inclusive for all people.*

The variety of unit typology provides for and accommodates a diverse community. The development intends to provide a variety of site and unit sizes, and varying unit/dwelling height, which creates an individual yet cohesive residential environment. The incorporation of affordable housing as part of the development also achieves this. Strong consideration and analysis of onsite amenity (i.e. providing parks, open spaces) of the development and private spaces of the units ensures a safe and enjoyable environment for residents.

Overall, the proposal is consistent with these objectives and policies and therefore achieves the strategic direction of the Proposed District Plan.

3. Infrastructure

This matter has been addressed under the relevant objective above.

4. Affordability

The Lead Policy criterion states:

Housing affordability is a key issue for the Queenstown Lakes District. The Council is committed to ensuring that as development takes place across the District, the provision of affordable housing is incorporated as part of each development. The Council is particularly interested in ensuring that affordability is retained overtime. The Council expects landowners and developers to identify appropriate mechanisms to ensure that housing developed in a special housing area addresses the district's housing affordability issues. The Council considers that an appropriate mix of housing is necessary in the district, including housing for owner-occupiers, first home buyers, and accommodation for workers. Examples of mechanisms to achieve affordability may include:

- *a range of appropriately sized sections (including smaller sized sections of 240-400m²);*
- *a mixture of housing typologies and sizes is also desirable;*
- *the nature of any covenants (or similar restrictions) imposed on sections;*
- *methods to reduce property speculation of vacant sections; and*
- *methods to retain affordability in the medium to long term. Housing developed in special housing areas will be expected not to be used solely for visitor accommodation and landowners and developers should identify an appropriate legal mechanism for securing this outcome.*

The advancement of the proposed SHA proposal has placed these matters at the centre of design considerations. The proposal focuses on an 'Affordability by Design' approach. Central to this is the

provision of compact townhouses sited on compact sections.

Property speculation of vacant sections will be avoided as the whole development will be delivered by the developer, as opposed to a model whereby single or multiple vacant sections are sold to individual parties, and potentially speculated on.

5. Affordable housing

As outlined above, a strong 'Affordability by Design' approach to the proposed master planning of the development scheme has been undertaken.

Bullendale Developments Limited confirms that it will satisfy the affordable housing requirements of the Lead Policy. The precise details of any agreement will be worked through carefully with Council and the Community Housing Trust.

6. Community feedback

The Council will seek community feedback on all proposed special housing areas. This will include the Council seeking advice from the New Zealand Transport Agency, Ministry of Education, Otago Regional Council, Local Iwi and any other parties considered to be relevant to the consideration of a special housing area.

7. Quality and design outcomes

The Council will expect all qualifying developments in special housing areas to achieve high quality urban design outcomes. The Council's development quality expectations are set out in Attachment C.

The SHA proposal is considered to meet and even exceed the Council's design expectations.

It is noted that in reviewing the recent Bullendale SHA qualifying development, preeminent Urban Designer Garth Falconer stated:

Overall the applicant's urban design assessment and the architectural set are clear and comprehensive and outline the way in which stage three of Bullendale is indeed developing to be an exemplar development.

The Proposed SHA extension will build on the approach taken in the Bullendale development, to continue and build on the exemplar approach.

8. Timely development

The Council wishes to see evidence that the special housing area proponent is motivated to obtain resource consent before the repeal of HASHAA and to implement the resource consent in a timely

manner, such that the development assists in addressing the District's housing supply and affordability issues.

Assuming the SHA is established, Bullendale is strongly motivated to obtain resource consent before the repeal of HASHAA. This is for Bullendale's own commercial reasons, but also reflects the fact that obtaining a SHA represents a 'Use it or Lose it' scenario of development rights, as the density and therefore yield of development contemplated in the SHA is significantly higher than that contemplated by the site's Low Density zoning under the Proposed District Plan.

Council should gain confidence in Bullendale's commitment to building the housing proposed in this SHA with their performance in promptly delivering housing on the existing Arthurs Point SHA site.

3. Conclusion

Bullendale appreciates Queenstown Lakes District Council's consideration of this EOI.

We consider that the proposed SHA will contribute significantly to the social, economic and environmental wellbeing of the Queenstown community, by delivering affordable housing to the community in an appropriate location, underpinned by strong urban design principles.

