Hawea -

Expression of Interest for a Special Housing Area

Universal Developments Hawea Limited

May 2018



EXECUTIVE SUMMARY

Wanaka-based Universal Developments proposes developing 32 hectares of vacant land in Hawea for approximately 400 sections, with associated playground, reserves and a community hub.

Guided by a comprehensive Master Plan, this Expression of Interest (EOI) for a Special Housing Area recognises Hawea's unique community characteristics and addresses housing supply and pricing issues in the township and district.

The site is unproductive flat land directly adjacent to the existing township and is ideally placed to provide for the logical growth of Hawea, with infrastructure readily available.

As a locally owned and operated company, Universal has listened carefully to feedback to date from its community. As a result, it has scaled back this proposal from the 1000 sections envisaged initially.

At its heart, the Master Plan focuses on providing affordable housing for the district.

The shortage of affordable housing across the District including Hawea is acute. This is reflected in the 70 percent jump in average house prices in Hawea over the past five years – from \$380,000 in 2013 to \$650,000 currently and \$1,000,000 District wide.

Addressing this issue head on, Universal has brought together a number of features in this EOI to assist first home buyers into the housing market in a way that is both effective and sustainable.

The proposal includes fixed pricing for land and house specifications between \$464,000 and \$550,000 – all significantly below average prices for Hawea and the wider Queenstown Lakes District.

Being within the \$550,000 local ceiling for first-home buyers to access extra financial support through the KiwiSaver HomeStart scheme is a major benefit of this pricing.

10% of the sections to be developed will be gifted to the Queenstown Lakes Community Housing Trust. In addition, a further 10% of sections in Stage One will be gifted by bringing forward the contribution from a later stage. This initiative of doubling the contribution in Stage One recognises Universal's support for the Trust.

Universal has a track record of delivering new housing quickly and to a high standard. The proposed Hawea development will meet the same criteria, contributing to a more sustainable and self-sufficient township where locals can live, work and play.

1. THE CHALLENGE

Hawea and the Upper Clutha area is facing the same challenges as the wider District and Region with escalating house prices and constrained supply of land. Hawea house prices have grown 70% in the last five years from \$381,000 in 2013 to \$650,000 in 2017¹ whilst the District's average pricing sits around \$1,000,000. The extreme price appreciation is against a backdrop of zoning that has had a theoretical available supply. As the letter from Ignite Wanaka (**Appendix [A]**) illustrates, the shortage of housing at an affordable price point is a significant constraint and challenge for the Upper Clutha community. An illustration of the typical situation facing first home buyers described by First National Real Estate again demonstrates the very real challenges first home buyers are facing. Copies of these observations are contained in **Appendix [B]**.

QLDC has also recently prepared a development capacity assessment that has highlighted a shortfall, and considerable demand growth in the lower value bands, generally under \$580,000². The Universal Developments proposal provides the opportunity to assist in the delivery of housing supply in this much needed price band - a challenge the QLDC report identifies is not being met by existing zoning. Accordingly, a different approach to reliance on traditional zoning is required.

The use of the HASHAA legislation is considered a key part of this solution. As The Mayoral Housing Affordability Taskforce Report 2017 highlights there is need for both scale and innovation if we are to address what the report highlights as 'potentially the greatest challenge our District faces'³. This proposal provides for both scale and innovation to address the challenge.

2. MASTER PLAN & SITE

A master plan (**Appendix [C]**) will guide development and will ensure the development occurs in a well planned, coordinated and sustainable manner. The master plan provides for approximately 400 sections/homes, reserves/playground and a Community Hub/Commercial area to provide for ancillary uses over a 32ha area. Strong street connections drawing reference from the existing street network will ensure a connected and legible development. Capell Ave will form the 'heart' and focus of the development as it enables connection directly through the existing township and link to the lakefront.

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¹ REINZ

² QLDC Housing & Business Development Capacity Assessment 10 May 2018 para 38

 $^{^{3}}$ The Mayoral Housing Affordability Taskforce Report 2017 pg 3



Figure 1: Master Plan

As will be discussed in more detail in this EOI the proposal and site are considered ideally placed given a number of key factors. These factors are considered difficult to replicate. They include:

- The site is directly adjacent to an existing urban area;
- The site is easy to service with infrastructure;
- The site is not visually sensitive, ecologically sensitive, productive nor located along the main entry or lakefront of Hawea;
- The ability to integrate with roads and with a significant frontage to Cemetery Road which already accesses residential housing;
- The site is held in one ownership not fragmented into many titles;
- The site is flat land and north facing.

This results in a strong opportunity for high quality urban place-making and the development of a community that can compliment and strengthen the sustainability and liveability of Hawea.

3. INNOVATION

Universal has analysed the challenges facing first home buyers and what can be done differently. In this regard **Appendix [D]** includes letters from three mortgage brokers who specialise in the first home buyer market, detailing the barriers for first home buyers. As a result Universal is promoting a number of initiatives as part of this EOI to ensure strong uptake from first home buyers and an affordable product. The following are proposed:

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



- 1. \$464,000 2 Bed, 2 Car Garage with driveway and front yard landscaping
- 2. \$499,000 3 Bed, 1 Car Garage with driveway and front yard landscaping
- 3. \$550,00 –3/4 Bed, 2 Car Garage with driveway and front yard landscaping
 The prices are at or below the \$550k Kiwi Saver Home Start Grant threshold therefore first
 home buyers will be able to access their Kiwi Saver savings and be eligible for up to an extra
 \$20,000 gift toward the purchase.
- Scale to discourage potential speculation on purchases of bare land.
- A vetting system of potential purchases to avoid speculation.
- A 'one stop shop' to assist first homebuyers navigate the home build and KiwiSaver process and assist with house and land package purchase.
- Lower deposit requirement (5% rather than 10%) for first home buyers where required.
- A longer due diligence period to better align with the Kiwisaver first home buyer approval process.
- In addition to Universal's commitment to the provision of 10% of the sections to the Queenstown Lakes Community Housing Trust a further 10% of sections in stage one will be gifted by bringing forward the contribution from a later stage. This initiative of doubling the contribution in Stage 1 recognises Universal Development's strong support for the Trust's activities.
- Provision of a reserve/playground in Stage 1 and initial Community Hub/Commercial offering to ensure ancillary activity is available immediately whilst providing room for the Community Hub to grow with the community.

4. CONSULTATION & COMMUNITY FEEDBACK

Consultation has been an integral component of this proposal and the decision to lodge an EOI.

The final form of this EOI is a direct reflection of considering and responding to community feedback.

Of particular significance is the decision to scale back the proposal to an area that will provide for around 400 dwellings when an area providing for 1000 formed part of the consultation phase.

5. UNIVERSAL DEVELOPMENTS

Universal is a company owned by Lane Hocking who, with his family, lives locally in Wanaka.

Universal has a proven track record of developing high quality developments in a timely manner within the Upper Clutha basin. Being a locally owned and operated company, Universal has a strong tie between the development model of the company and the community outcomes it promotes. As the EOI will demonstrate, Universal is committed to addressing the housing supply and affordability issues facing the District. It has investigated and adopted a number of initiatives that when combined provide a compelling set of tools which ensure the development delivers much need housing to the target market.

Universal is sensitive to the importance of community engagement as part of any development.

Universal has undertaken open days on site and was part of a community meeting held by the Hawea Community Association to discuss the proposal. Universal has listened carefully to community feedback and as noted above, scaled back the proposal from an initial consideration of 1000 sections to approximately 400 sections.

Universal will be able to deliver this project in a timely manner as bank finance will not be needed for development to commence.

ASSESSMENT OF THE QLDC LEAD POLICY

6. LOCATION

The subject site encompasses 32ha of Lot 2 DP 343855 having a total area of 34.5 ha. Lot 2 is contained in one certificate of title owned by Universal. A copy of the titled is contained in **Appendix [E]**.

The entire site has frontage to Cemetery Road, and directly adjoins Capell Ave - an unformed legal road that enables direct connection back into the established part of Hawea. It is directly opposite Sentinel Park, a recently completed residential subdivision, and Grandview Drive.

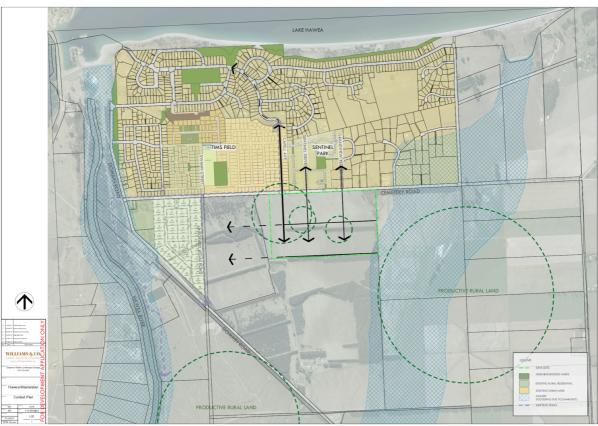


Figure 2: Context Plan

Site Attributes/Consideration

The site is located directly adjacent to the existing urban extent of Hawea, which is advantageous in providing for a logical expansion of the township. In this regard the following characteristics of the site are considered relevant:

- The land is pine covered and unproductive.
- The site is not sensitive in a landscape/visual sense.
- Is bound to the east by the overland flow path from the Gladstone Gap hazard flow, providing a logical eastern boundary.
- Is bound to the west by Rural Residential development.
- Is bound by Cemetery Road to the north, which already provides access to urban development.

- Development on the subject site would not compromise the character of the existing waterfront setting of the township as it is located away from the foreshore and older area of Hawea.
- Is not located on one of the primary accesses to the township and is very difficult to see from the state highway.

Accordingly, it is considered the site is well placed to contribute to the supply of housing in terms of logical expansion, avoiding hazards, and sensitive landscape areas without detracting from the existing setting of Hawea. Therefore, it is requested that Council's Lead Policy is adjusted to provide for this site within Council's categorization of land as a Category 2 area.

A landscape and urban design review of the existing context has been prepared by R.A Skidmore Ltd and is contained in **Appendix [F].** This assessment confirms the site is not within an Outstanding Natural Landscape and that its characteristics place it at the lower end of the landscape spectrum. Further, it confirms the development of the site can provide for a logical and co-ordinated pattern of growth for Hawea.

7. MASTER PLAN



Figure 3: Master Plan

The philosophy underpinning the Master Plan has been to ensure the development contributes to the Hawea township in a positive way. This is considered to be achieved if the Master Plan contributes to the township becoming a more sustainable, inclusive, liveable community.

Accordingly, the vision has been to create a deisgn that can positively contribute to Hawea as a thriving community for locals to live, work and play.

In this respect the existing Township and Rural Residential zoning in place has only created two forms of housing and very little capacity for complimentary activities that contribute to the community being more sustainable and liveable i.e. where people can live, work and play without having to travel to Wanaka or further afield. In the case of Hawea, at present a majority of residents need to travel to Wanaka on a regular basis. This not only makes the existing Hawea community less environmentally sustainable but also puts pressure on infrastructure and services in Wanaka. This is unusual, given Hawea is the largest of all of the District's Townships with an existing population of 2,172 people in 2013. It is expected the 2018 census will show a significant increase in population.

The Master Plan brings together a mix of housing options and ancillary community and commercial spaces for Hawea that will enhance the community and township. The ability to accomplish this is greatly assisted by the scale of the site, which enables greater flexibility to accommodate a mix of activities.

In this respect the objectives of the master plan are to assist the delivery of:

- Reserves, a playground and Community Hub space in addition to much needed housing supply.
- A design that encourages a live, work, play community.
- Connected existing and proposed neighbourhoods supported by cycle and walkways, and local road networks.
- Vibrant communities, connected to employment opportunities and high quality amenities
- Safe communities for everyone to enjoy.
- An efficient and safe street network.
- Connection to the environment and in particular recognition of the night sky.
- New housing with a variety of housing types.

The master plan is considered to have addressed the above objectives by providing:

- A development area located where street connections are known (Grandview Road and Capell Ave), and adjacent to the portion of Cemetery Road with an established character namely Sentinel Park with its formed access and post and rail treatment to the road.
- A street pattern that responds to the existing connection points and in particular the opportunity for Capell Avenue (which connects back into the 'original' area of Hawea) to become a future 'heart' of the development.
- A street layout providing for a predominance of east-west orientated lots to maximise solar
- Extensions of the existing cycle and walking trails.
- New Parks and Reserves within walking distance of the Hawea township.
- A Community/Commercial Hub to provide for ancillary activities to compliment the proposed residential area and wider community of Hawea.
- Locating the Community/Commercial Hub on Cemetery Road and Capell Avenue to strengthen ties to the existing township.
- A scale of development approximately 400 sections that will deliver supply to address affordability issues whilst being sympathetic to the scale and character of Hawea.



HAWEA COMMUNITY PLAN/PROPOSED DISTRICT PLAN

The Hawea Community Plan was developed in 2003 providing a vision for Hawea with a 2020 time horizon.

Since 2003 house prices have grown across the District. Hawea is no different as noted above having grown 70% in the last five years⁴ and population growth of 36% between 2006 to 2013⁵. Hawea has and is experiencing rapid growth. Accordingly, it can no longer be characterised as a 'small' community in the manner it would have been in 2003.

Since the 2003 report was completed the Hawea Community Association have prepared a document to inform their submission on the current District Plan Review titled 'Hawea Community Plan Review and Recommendations for the Upcoming District Plan Review' - this report was completed in 2015. Of relevance, both these documents referred to the concept of Cemetery Road being a form of boundary in recognition of both the existing zoned capacity north of Cemetery Road and also where land to the south of Cemetery Road was largely undeveloped.

However, the District and the Upper Clutha area have a significant demand for and shortage of housing and an unaffordability issue that has evolved since the Community Plan was developed in 2003. The 2015 review also began to acknowledge the need to review the concept of a boundary and in that case suggested it move south to encompass land between Domain Road, Cemetery Road and an unformed legal road (to the west of this site).

It is considered important that the 2015 review was cognisant that development south of Cemetery road is logical over time. In that case it looked to identify the existing Rural Residential zoned land, but as this EOI clearly identifies, there is strong logic to focusing development around Capell Ave and the ability to tie development south of Cemetery Road with the existing township. This is an opportunity not directly provided for by development west of the subject site (where a less connected network is available) and one that doesn't appear to have been explored as part of the 2015 review. In that case the land south of Cemetery Road appears to largely be identified due to the fact it was already zoned Rural Residential rather than its ability to positively connect with and provide for the logical and planned growth of Hawea.

Analysis of the concept of containing development north of Cemetery Road as identified appears to be premised on two points:

1. Cemetery Road was where the extent of zoning was at the time.

The extent of existing zoning is simply aligned with the road. However, this concept itself is already compromised by the fact that rural residential zoning providing for 36 houses exists south of Cemetery Road, adjacent to this site. The 2015 Community Association review also sought to extend the boundary south as discussed above, again acknowledging and supporting growth south of the road.

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 $^{^{5}\} www.qldc.govt.nz/planning/other-planning-information/population-and-growth/$

2. There is sufficient capacity/undeveloped land zoned for development north of Cemetery Road

As will be discussed in detail below this theoretical capacity has contributed to neither the supply nor the affordability of housing. Housing prices in Hawea, like everywhere else in the District have continued to grow rapidly even with this existing capacity and zoning.

It is also considered relevant that unlike in other situations where for example, a change in topography or feature such as a river or particular landscape change distinguishes the extent of zoning, in Hawea it simply follows an existing road (Cemetery Road). The zoned land to the north of the road is topographically and visually indifferent to the land south of Cemetery Road. Therefore, it is considered the subject site would be the 'next step' for the development of Hawea and as noted above already acknowledged in the Communities Review in 2015 seeking to expand the boundary south of Cemetery Road.

The principles of the Community Plan and Review in 2015 are therefore considered more relevant when considering the proposal and potential for growth. These principles seek to ensure development occurs in a coordinated and logical manner. This proposal and the master planning process that has been undertaken will ensure the development does occur in a coordinated and logical manner and in particular the master plan has been outward looking to ensure it delivers a mix of activities that can contribute to both the success of the development but also the existing township. Accordingly, a key principle underpinning this proposal is that the development can positively contribute to the growth of Hawea and to the vision for the Township as expressed in the Community Plan whilst enabling growth in a logical location south of Cemetery Road.

Hawea 2020: The Vision

Hawea is an environmentally sustainable community that maintains the highest possible environmental standards. All stormwater and sewage discharges are to land, so that water is maintained at the highest quality possible.

As discussed in preceding sections of this report the development will connect to existing reticulated infrastructure and therefore ensure the environmentally sustainable community aspiration in terms of services is maintained. In a wider sense, the Master Plan provides for a Community Hub intended to provide for potential community services or commercial uses that would then reduce the need for residents to drive to Wanaka for all activities. This is considered to positively contribute to the sustainability of the community. Providing a Community Hub will also positively contribute to social infrastructure and cohesion providing further opportunities for people to meet and interact with other members of the community.

Development occurs in the Hawea area, but only where it is well planned, and is within the capacity of the receiving environment. Development is largely contained within current zoning to ensure efficient service provision, and the retention of the surrounding rural character. There is no ribbon development, and the township and rural residential areas are distinct from the surrounding rural areas.



The proposed development will be guided by a Master Plan ensuring it is well planned and well connected to the existing township. The particular nature of an SHA and requirement for a developer deed will also ensure the development proceeds as envisaged by the master plan.

The proposed development sits outside the existing zoned extent of Hawea but as discussed in the preceding sections of this report it can be serviced and proposed upgrades to existing services will ensure the development can be accommodated whilst improving the efficiency of service provision. These factors along with the ability to avoid any sensitive landscape areas means that the development is within the capacity of this receiving environment.

The particular nature of the site with a mix of open land and pine trees and wilding pines has meant it has not been productively farmed. The master plan will ensure there is no 'ribbon development' and promote a stronger rural urban edge given the unproductive nature of the site in comparison to the active farmed land to the east and south.

Development is not visible from the Hawea River, and there is no development on the edges of the Lake as seen from the Township. There is no development between the Hawea Township and John's Creek.

As discussed above one of the key reasons for identifying the subject site for development is that it offends not one of these key attributes, including importantly, the lake edge that is regarded as one of the defining characteristics of Hawea.

The residential areas retain their low-density character; there are no high fences or street lights like Auckland or Dunedin. Areas of increased density may be provided, but only in confined areas. The unique village feel is retained.

The master plan will ensure the character of the community is maintained through an extension of the existing roading pattern and controls to ensure fences and lighting are in keeping with the character of Hawea. The location of the site to the south of the historical extent of the township adjacent to more recent developments of Timsfield and Sentinel Park will ensure the existing character of the township is maintained. In addition, the ability to master plan and provide for community elements that might otherwise be difficult to retrofit into the existing urban fabric such as additional commercial space will ensure the development can occur whilst being sympathetic to the scale and feel of Hawea.

There is a strong community focus, providing a safe and pleasant environment for all ages of residents; young families through to the retired. Hawea is an area for locals, and while it attracts tourism, this is low-key and passive. Residential areas are connected by pedestrian and cycle access, and there is excellent communication between them.

As discussed above the proposal can retain and positively contribute to the community focus and character of Hawea. Pedestrian and cycle connections are proposed as part of the master plan and reserves and open space can positively contribute to the social infrastructure of the community. Affordability will allow for the 'all-ages' goal of the community by allowing young families for example the ability to be part of the community.



The Domain is a central focal point for community activities, it is linked to the residential areas by pedestrian and cycle tracks. There are extensive pedestrian and cycle ways linking the community. Importantly, there is access along the Hawea River between Lake Hawea Township and Wanaka, and there is a walkway between Lake Hawea Township and John's Creek.

Of particular relevance the development would strengthen the connection of Hawea to the Domain by providing closer links to the Domain. It will also strengthen the use of the Domain with additional people and therefore provide a catalyst for more activities and formal use of the Domain.

There is a low-key commercial area providing for the Hawea Community, which has regular market days. Businesses are locally owned, and there are no chain stores or chain restaurants. Buildings have an alpine character, and reflect the surrounding environment.

People live here because of the strong community, the landscape values, the small school, the outdoor recreation opportunities, and the slower pace that Hawea provides.

The master planned nature of the development provides the opportunity to ensure the proposal positively contributes to the existing Community through provision of reserves, open space and community infrastructure whilst enabling residential growth. Accordingly, the proposal is considered to be complimentary to these aspirations.

Summary

This EOI has carefully considered the Community Plan. House prices have risen significantly since 2003 when the plan was prepared and the very real challenges this District faces around affordable housing were not part of the considerations in 2003. As this EOI demonstrates and the Master Plan provides for, the development can integrate with and positively contribute to Hawea. Accordingly, simply waiting for existing zoned land to be developed will not address the escalating house prices and land supply issues. As demonstrated over the past 15 years whilst existing zoning has been in place, in order to change the status quo of housing unaffordability, a different approach is needed.

The Community review in 2015 acknowledged and sought to provide for development south of Cemetery Road. If further growth is to occur the vision, as discussed above, emphasises the desire for growth to proceed in a coordinated and planned manner. The proposal, through the use of a master planning approach will ensure this occurs, and in a logical location well placed to provide positive benefits to the community.

The site's location ensures it does not offend the landscape qualities and lakefront character. The values identified in the plan and the provision of a Community Hub and reserve space ensure the development occurs whilst achieving the stated vision of the Community and strengthening the ability for Hawea to establish long term as a stand-alone settlement, sustainable both in environmental and community terms.

Proposed District Plan

The Proposed District Plan, although initially not providing for any urban growth boundaries in relation to townships, in part due to the fact the Townships are to be reviewed in a later stage of the District Plan Review, now proposes an urban growth boundary for Hawea.



This boundary concept is still to be confirmed as the district plan process continues and appeals specifically relating to this issue are yet to be considered. However, in addition to the discussion above the following is noted:

- QLDC did not promote or support an urban growth boundary for Hawea or any township through the District Plan Review.
- In coming to a decision to provide an urban growth boundary for Hawea the PDP Hearing Panel only received one submission on this issue from the Hawea Community Association. In that submission the Hawea Community Association sought part of the boundary be drawn south of Cemetery Road.
- No expert evidence in support of a boundary was provided.

Key to the discussion on this matter in the PDP considerations was the desire to ensure growth occurred in a 'well-planned and coordinated fashion'⁶. As the master plan demonstrates, development as provided for in this EOI will ensure Hawea grows in a well-planned and coordinated fashion.

9. CONSULTATION & COMMUNITY FEEDBACK

Consultation has been an integral component of the consideration and development of this proposal.

In this respect the final form of the EOI is a direct reflection of considering and responding to community feedback, no less significant than the decision to 'scale back' the proposal. Initially, 1000 sections were envisaged, however the proposal now provides for an area that would accommodate approximately 400 sections.

Community Consultation

Drop in sessions were hosted onsite by Universal on both Saturday 3rd March and Saturday 10th March. Attached **Appendix [G]** is a copy of the flyer that was distributed regarding the drop in sessions. The drop in sessions were advertised via:

- Distribution of the flyer in mail boxes to Hawea residents,
- Wanaka Sun over two weeks,
- Otago Daily Times two Saturdays,
- Radio Wanaka for two weeks,
- Hawea Community Association who distributed information to their contact list.

The drop in sessions were undertaken to give people the opportunity to find out more about the proposal, the developer and draft Master Plan. Information on the proposal, A1 boards illustrating the Draft Master Plan and information sheets outlining the key facts of the proposal were available along with the opportunity for people to provide contact details to be kept up to date with the proposal going forward.



⁶ Report-16.2-UC-Mapping- Urban-Wanaka and Lake Hawea Final para 455

The two sessions were well attended by members of the community and public generally with approximately 150 people attending on the first Saturday and 80 people on the second Saturday.

Providing for growth and the development associated with a more liveable community inevitably raises some reservations and concerns within an existing community. Some of this sentiment was expressed at the drop in sessions. This is understandable as change can bring uncertainty and nervousness in a community. However, in this case the location of the site directly adjoining the existing township can ensure it is well connected but does not impose an increase in density or retrofitting within existing residential sites to accommodate growth. Therefore in this case the impact of any change can be well managed.

Positive feedback was also communicated at the drop in sessions with people excited about the potential for Hawea to become more sustainable and self-sufficient with shops and other amenities, which at present they have to drive to Wanaka for. Some residents who had also been in the community longer term recognised the opportunity growth and more affordable housing would bring for their children to be able to buy, live in and be part of the community, which they considered was out of reach at present. Attendees also highlighted the lack of business opportunities in Hawea which they thought could be addressed through the proposal to again avoid them having to drive to Wanaka for work but also to create additional opportunities for employment within the existing community.

In addition to the drop in sessions information has been provided to the following groups:

- Hawea Community Association Initial meeting to discuss the proposal along with follow up summaries following drop in sessions. Consultation is ongoing.
- Knitting Hawea Presentation of the Master Plan and discussion around the proposal.
- Hawea Golf Club Provision of Master Plan and information outlining the proposal provided for distribution to members.
- Wanaka Chamber of Commerce Meeting to discuss proposal and Master Plan.

The consultation has been extensive and thorough ensuring the Community has a good understanding of the proposal. Importantly, the consultation has resulted in changes to the proposal - most significantly, the change in scale to that now proposed in this EOI. The applicant is also committed to continuing consultation moving forward.

Consultation with the following bodies has taken place:

Statutory Bodies

<u>New Zealand Transport Authority (NZTA)</u> – Attached **Appendix [H]** is a letter confirming no upgrades would be required to the State Highway network resulting from the proposal.

Otago Regional Council (ORC) – Attached **Appendix [I]** is confirmation ORC does not forsee any issues in principle with the proposed development.

<u>Ministry of Education</u> – Universal has had several discussions with representatives of the Ministry that have highlighted they still see capacity within the existing school site at Hawea Flat.



Queenstown Lakes Community Housing Trust

In consultation with the Housing Trust Universal Developments has confirmed its commitment to providing a 10% contribution to the Trust, which would equate to approximately 40 sections over the entire development. This is considered to represent a significant addition of product to the Trust.

As discussed above Universal is committed to ensuring the Trust can meet its objectives in the most efficient and timely manner. To facilitate this Universal will front load its 10% contribution into the beginning of each stage.

In addition, Universal will double up on the contribution provided in Stage One by bringing forward its contribution from later stages. Meaning a 20% contribution in Stage 1.

This is considered by the Trust to represent a significant and unprecedented initiative and is illustrative of Universal's commitment to addressing the housing challenges facing the District.

Attached **Appendix [J]** is a letter outlining the Trust's support for the proposal.

ADEQUATE INFRASTRUCTURE 10.

Consultation with QLDC's infrastructure team has confirmed adequate servicing can be provided to the development in terms of Water and Waste Water provision, Appendix [K] contains details from the Infrastructure team. In summary, QLDC identifies that 'future water and wastewater upgrades are sufficient to support your development'.

In addition, Universal has engaged Southern Land Ltd to provide a detailed assessment of infrastructure. That assessment incorporates modelling from Watershed undertaken in consultation with the QLDC Infrastructure team. The report has identified measures to ensure development can proceed in a timely manner without reliance on the timing of the wider upgrades. Although the upgrades are funded and timings programmed the additional measures provide certainty that development can proceed in a timely manner. A copy of this report is attached, Appendix [L].

Accordingly, the proposal meets the requirement set out in Appendix B - Infrastructure Requirements of the Lead Policy. Infrastructure exists and additional capacity to accommodate the development is planned and programed in the Councils Long Term Plan.

As required by QLDC's code of practice, stormwater would simply be discharged to ground via rain gardens and similar filtration systems. A method that has been successful on subdivision already developed on Cemetery Road.

Testing and assessment has also been provided by e3 Scientific (Appendix [M]) considering NES related matters. This work has confirmed the land is suitable for residential development.

A traffic assessment has been prepared by Carriageway Consulting (Appendix [N]). This assessment confirms the proposal will have minimal effect on the surrounding roading network. Specifically, this assessment confirms that adequate capacity exists to accommodate additional traffic within the existing network. As noted above NZTA have also provided a letter confirming no upgrades of the State Highway network are necessary.



11. FACILITATION OF AN INCREASE IN LAND FOR HOUSING SUPPLY

The land is currently zoned Rural General/Rural and given the site encompasses 32ha, the proposal can provide a significant contribution to the increase in land for housing supply over and above what is currently provided for in the District. In this respect, as noted above the master plan can provide for approximately 400 sections and therefore homes across the site - this represents a significant opportunity to increase the supply of land for housing. Given the site directly adjoins the existing urban edge of Hawea on flat land it can provide this supply in a very efficient manner.

12. DEMAND FOR QUALIFYING DEVELOPMENT/RESIDENTIAL HOUSING IN APPROPRIATE LOCATIONS

It is well documented the Queenstown Lakes District has an affordability issue. In 2016, Infometrics reported the median salary for the district was \$49,780; the median house price in this same year was \$803,241. This provides a ratio of house price to income (liveability ratio) of 15, this compares to Auckland's liveability ratio of eight for the same period. Within this pricing framework the median house price for Hawea was \$381,000 in 2013 rising to \$650,0008 in 2017, a 70% increase.

The significant increase in property prices that the District and Hawea has experienced is against a backdrop of theoretical capacity within existing zoned areas, Hawea is no different. Given that prices have continued to rise rapidly it is apparent other factors such as land banking, lack of competition, family ownership structures, fragmented land parcels etc all influence the timing that land is brought to the market.

A Council report recently recognised the disconnect between the level of currently zoned land, prices and delivery of product to the market. It identified significant levels of housing supply are provided by a small number of developers⁹. Again, Hawea is no different, with zoned land either contained within a single large ownership or fragmented small ownership making access and development timing uncertain. Recent significant increases in median house prices illustrate this principle very well - simply relying on existing zoned areas will not have any meaningful impact on supply and affordability issues the District is facing.

The letter of support from the QLCHT (**Appendix** [J]) further emphasises this demand with the QLCHT having a waiting list of 500 households, of which 20% are in the Wanaka area. As do the letters from Ignite Wanaka (**Appendix** [A]) and First National (**Appendix** [B])

Therefore, this proposal is in a strong place to deliver much needed additional supply to a market exhibiting significant affordability issues and extremely high demand for more affordable housing.

The recently completed QLDC Housing & Business Development Capacity Assessment also highlights this matter. It identifies both the existing shortage and the increasing demand in the affordable price bracket, further it recognises limited additional feasible supply in this affordable bracket into the long-term¹⁰ - again highlighting the opportunity this proposal has to ensure affordable housing is

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⁷ QLDC 10 Year 2018 - 2028 Plan Volume 2 pg39

⁸ www.qv.co.nz/suburb/lake-hawea

⁹ Inclusion of Wanaka in the Housing Accords and Special Housing Areas Act 2013 Implementation Guidelines (Lead Policy)

 $^{^{10}}$ QLDC Housing & Business Development Capacity Assessment para 38

delivered to the market. Providing housing in Hawea is not just providing housing to meet demand in Hawea but is a key piece of the solution in addressing housing affordability for the Queenstown Lakes District as a whole-

The location is considered appropriate because the site:

- Is not landscape sensitive or at the entry/gateway to town, nor within an Outstanding Natural Landscape or adjoining the existing lakefront.
- Is unproductive rural land.
- Directly adjoins the existing urban extent of Hawea and would be accessed from existing roads that service the existing township.
- Is topographically similar to newer developments within Hawea, being Timsfield and Sentinel Park.
- Directly adjoins the more recent urban development within Hawea -Timsfield and Sentinel Park and therefore provides for a logical connection to the form and character of this newer part of the township.
- Being located behind the older parts of Hawea and lakefront it will preserve the character of these areas.
- The site is located where it would provide for the logical growth of Hawea.
- Is located in the position which avoids natural (lake, river) and natural hazard impediments.
- Offers major opportunities to positively contribute to the social infrastructure and amenities of Hawea so the town can be more self-sufficient and therefore more sustainable.

13. **AFFORDABILITY**

Scale & Location

Scale of development is considered critical to the ability to deliver an affordable product. In this respect the proposal is in a unique position to be able to comprehensively plan and deliver a greater number of sections and houses to the market.

There has been some concern raised about why this development should occur now when zoning already exists within the established area of Hawea.

As discussed above, existing zoning has not translated to affordability as demonstrated by the escalation of housing prices in the District and Hawea. Part of the solution to affordability is the provision of additional supply. Delaying development until existing zoned areas are developed means that affordability will not be improved - bringing this development forward through the SHA process is considered absolutely critical to addressing the affordability challenges facing the District.

Housing

Universal is committed to ensuring a truly affordable product can be delivered and has been working closely with building companies to ensure packages can be provided within the development at very competitive pricing.



House and Land packages will be delivered to the market within the KiwiSaver HomeStart Grant house price cap - currently \$550,000 for a new house within the Queenstown Lakes District. It is considered this is a good 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.

The Kiwi Saver Home Start scheme enables existing KiwiSaver members to access up to an additional \$10,000 (\$20,000 for a couple) for the purchase of a new house and land¹¹. This is considered a significant benefit of the SHA proposed by Universal.

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:

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

Attached **Appendix [O]** are plans illustrating these examples. Universal has commitment to these product types and pricing from Stonewood Homes, Mike Greer Homes, GJ Gardner and Landmark Homes, Golden Homes and Signature Homes. Universal is also working on agreements with several other home building companies. This ensures not only a competitive market for purchasers when choosing a builder but also creates building capacity. These companies have each committed to ensuring a minimum of five house and land packages are available at any one time and in the first phase of development to build show homes illustrating these price points - again assisting first home buyers to understand and actually see what these price points will deliver to them in terms of a finished home.

Given the median house price in Queenstown Lakes District is circa one million dollars and \$650,000 in Hawea these prices represent levels unseen in the Queenstown Lakes District for some years. On this basis the proposal will provide a significant contribution to the affordability of our District.

Focus on First Home Buyers

After much consultation with banks, mortgage brokers and real estate agents, Universal is fully aware that buying a property for a first home buyer can be a difficult, stressful and time-consuming process. This combined with the expensive and very competitive market make it extremely difficult for a first home buyer to secure a property of their own.

The current market dictates that property purchase decisions have to be made very quickly with due diligence completed and pre-approved finance in place. Without this a potential purchaser normally misses out. Typically, in the QLDC, the first home buyer is unwilling to complete the pre-approvals as the property is likely to go beyond their budget meaning the approvals are simply another expense without reward. With fixed prices within the approved KiwiSaver range and the removal of auctions on affordable product the first home owner can be rest assured the price will not have gone beyond \$550,000 by the time they secure their pre-approvals.

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¹¹ KiwiSaver HomeStart grant http://www.kiwisaver.govt.nz/new/benefits/home-sub/

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. By providing products with price points below the KiwiSaver HomeStart level a package rarely, if ever, available in the Queenstown Lakes District will be offered.

This approach will greatly assist the first home buyer and therefore the ability for first home buyers to successfully buy into the development. Mortgage specialists have identified the 10% deposit as a further challenge to some purchasers. Consequently, Universal will offer a reduced deposit requirement for first home buyers where appropriate - 5% instead of the standard 10%. Extending the due diligence period is also proposed for first home buyers. This better aligns with the specific approvals first home buyers are required to go through when gaining access and approval to KiwiSaver funds.

While Universal believes the scale of the project will disincentivise speculation it has also created a suite of rules to ensure speculative behaviour is further dampened.

Universal propose 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.
- A developer covenant restricting re-sale of sections within 2 years.
- A full 10% deposit for non-KiwiSaver buyers.

Housing Trust Contribution

As discussed above Universal has already been in consultation with QLCHT and 10% of the sections to be developed will be gifted to the Queenstown Lakes Community Housing Trust. In addition, a further 10% of sections in stage one will be gifted by bringing forward the contribution from a later stage. This initiative of doubling the contribution in stage 1 recognises Universal Development's support for the Trust.

The above measures are considered to demonstrate how Universal has taken an active approach to better understanding the challenges and develop a suite of measures to address and ensure affordability.

14. ACCORDANCE WITH COUNCILS OVERALL STRATEGIC DIRECTION FOR URBAN DEVELOPMENT

Council Lead Policy criteria 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



As discussed above, the proposed SHA site is located directly adjacent to the existing urban edge of the Hawea Township. Given the natural constraints to the east and west, the site represents the only logical place for the township to grow. Cemetery Road already provides access to urban development on one side and adjoins the site along approximately 1.2km of the site's north boundary. Satisfying the above criteria qualifies this proposal as ideal for development.

The master plan has illustrated how the township's existing street network can be extended into the subject site to ensure development is integrated with continuity. Detailed design consideration will ensure a well thought-out subdivision. In addition, Universal has a strong track record of delivering well-designed subdivisions.

Council is already proposing upgrades to infrastructure in Hawea that can accommodate the proposed development and therefore there will be no additional cost to Council in terms of infrastructure demand from the proposal. The Long Term Plan has already established funding and timing for infrastructure works in Hawea

The master-planned and comprehensive nature of the proposal ensures it will not result in sporadic or sprawling development. The site is not particularly visually sensitive due to its distance from the primary entrances to Hawea, distance from the Lake Hawea foreshore nor is it located within an Outstanding Natural Landscape. The land has not been actively farmed for a number of years. Accordingly, the proposal is considered to align with Council's strategic direction for growth and urban development generally.

15. PREDOMINANTLY RESIDENTIAL

Section 14(2) of HASHAA states that a development is 'predominantly residential' if:

- (a) the primary purpose of the development is to supply dwellings, and
- (b) any non-residential activities provided for are ancillary to quality residential development (such as recreational, mixed use, retail, or town centre land uses)

As discussed above the master plan provides for predominately residential sections. However, it is considered another significant benefit and opportunity of the proposal to provide for ancillary activities that support residential development - in this case not only the proposed subdivision but also the wider Hawea township. The ability for this development to contribute to the self-sufficiency and sustainability of Hawea through reduced reliance on Wanaka for day-to-day amenities is considered a significant benefit of the proposal. The master plan has been specifically designed to provide the Community Hub (providing ancillary activity) to be located adjacent to Cemetery Road and along an extension of Capell Avenue so it can form a node and have strong connection to the existing township.

Accordingly, any non-residential activity is considered to enhance both the proposed development and existing residential environment of Hawea and is considered ancillary to the residential development.



16. BUILDING HEIGHT

The draft master plan confirms the predominant style of development would be lower density residential and therefore an 8m height limit or two-storey form would be anticipated.

17. MINIMUM NUMBER OF DWELLINGS

The Master Plan would yield approximately 400 sections. The scale of development and potential number of dwellings is considered to be a significant positive contributing to the objectives sought through HASHAA and the potential for QLDC to address the shortage of affordable housing in the District.

18. RESIDENTIAL DEVELOPMENT QUALITY

Universal has been cognisant of the need to ensure the quality of the development without overly prescribing design as achieving affordable product is very challenging given building cost in the District.

In this respect a set of design guidelines are proposed, **Appendix [P]** to guide development and would apply to each section. These will ensure well established 'good urban design principles' for single lot housing are adopted such as:

- Ensuring garages do not dominate the streetscape.
- Street fencing is not higher than 1.5m to provide passive surveillance of the street.
- Requiring the house to sit forward of the garage to encourage the house to 'front' the street.
- Encouraging street articulation through presence of an entrance or porch visible from the street.

These guidelines will ensure an effective design response and quality of residential housing within the development without being overly prescriptive and running the risk of adversely impacting the ability for the housing to be achieved at an affordable point.

All streets will provide for footpaths on both sides of the street with street tree planting adding to the overall quality and feel of the development. The public realm and contribution the streetscape makes to the development has been a focus of consideration for Universal. In this respect indicative road cross sections are contained in **Appendix [Q]** illustrating the streetscape qualities.

Street lighting and lighting externally within sites will be managed to ensure the preservation of the night sky, a particularly important attribute of the Hawea environment.

Universal has also investigated the provision of solar systems for housing and has secured an arrangement with Infinte Energy NZ (a Central Otago owned company) to incentivise and subsidise use of solar infrastructure. A copy of this agreement is contained in **Appendix [R]**, which confirms that a free upgrade or free solar inverter will be provided to every home owner who purchases a

solar system. Universal is also exploring with a large New Zealand power company the opportunity for an embedded solar network that would enable individual home owners to connect to a community network and battery system. Combining subsidised solar infrastructure with an embedded community solar network would be a compelling solution to both cost and sustainability issues.

A plant list has been prepared to assist future lot owners with choosing plants that will grow well in the particular climate and contribute to the bio-diversity and ecological values of the wider area. A copy of the list is contained in **Appendix [S]**. The plant list also seeks to provide a level of continuity to the front yard of individual sections so collectively they contribute to the quality of the public realm and streetscape.

Contained in **Appendix [T]** is a detailed assessment of the proposal against the QLDC 'Quality and Design Outcomes' contained in Attachment C of the QLDC Lead Policy.

19. TIMELY DEVELOPMENTS

Universal has a proven track record of progressing developments in a timely manner. Universal's development of the Wanaka Primary School site (25 sections) was titled and delivered within 2 years. Another Universal project, Scurr Heights was settled in June 2016 and currently has 100 sections sold and waiting for title.

Universal has bought and settled the Hawea site without finance and has significant working capital available and therefore will not be relying on pre-sales for development to commence. Should consent be granted Universal stands ready to start the project immediately.

20. CONCLUSION

This expression of interest has addressed the QLDC Lead Policy criteria for recommending Special Housing Areas to the Government. It has been demonstrated that there is a strong rationale and logic to this proposal. Accordingly, it is requested that Council's Lead Policy is amended to provide for this site within Councils categorization of land as a Category 2 area.

In summary:

- The site is a logical location for the growth of Hawea.
- The Master Plan will ensure development occurs in a logical and coordinated manner.
- Infrastructure is easily accessible and the subdivision can contribute to the efficiency of upgrades already planned for Hawea.
- The land is not visually sensitive, ecologically sensitive, productive nor located along the main entry or lakefront of Hawea.
- The subdivision will adjoin the developing portion of Hawea and therefore comfortably integrate with this evolving part of the township.
- The proposal will provide a significant contribution to the affordability issues facing the District.



- The proposal will contribute to the self-sufficiency and sustainability of the Hawea community.

Queenstown Lakes District was one of only three regions in New Zealand where home affordability got worse in the three months to February 2018. 12

Taking into account the points outlined in this EOI it is considered both the subject site and the proposal are exactly the type of initiative the HASHAA legislation and SHA process were developed to enable.

Waiting for infill of existing urban areas will only exacerbate house price and affordability issues.

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 $^{^{12}\} https://www.odt.co.nz/regions/central-otago/co-lakes-house-price-now-154-times-average-annual-wage$

List of Appendix:

[A]	Ignite Wanaka Chamber of Commerce - Letter
[B]	First National - Letter
[C]	Master Plan
[D]	Mortgage Broker - Letters
[E]	Certificate of Title
[F]	R A Skidmore - Landscape and Urban Design Review
[G]	Hawea Drop in Session - Flyer
[H]	New Zealand Transit Authority - Letter
[1]	Otago Regional Council - Correspondence
[h]	Queenstown Lakes Community Housing Trust - Letter
[K]	QLDC Infrastructure - Correspondence
[L]	Southern Land Infrastructure - Report
[M]	e3 Scientific – Soil Assessment
[N]	Carriageway Consulting – Traffic Assessment
[0]	House Designs
[P]	Design Guidelines
[Q]	Street Cross Sections
[R]	Infinite Energy NZ - Letter
[S]	Recommended Plant List
[T]	Assessment of QLDC Quality Design Outcomes