

**QLDC Council
23 July 2020****Report for Agenda Item | Rīpoata moto e Rāraki take : 6****Department: Planning & Development****Title | Taitara Budget Adjustment for the Ladies Mile Master Plan and Plan Variation****PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO**

- 1 The purpose of this report is to seek approval for a budget adjustment to allow for the additional budget required as part of the Ladies Mile Master Plan and Plan Variation procurement process.

EXECUTIVE SUMMARY | WHAKARĀPOPOTOTANGA MATUA

- 2 At the 12 March 2020 meeting of Queenstown Lakes District Council, Council approved procurement to proceed on the Ladies Mile Masterplan and Plan Variation. This decision followed previous Council meetings where it was agreed that the Ladies Mile area may be developed for urban purposes in the medium to long term and that a proactive Council-led planning approach should be undertaken, taking into account the wide range of community, housing, recreation, transport, green space and infrastructure considerations for Ladies Mile and the surrounding area.
- 3 The Annual Plan provides a total budget for the project of \$1.4m spread in equal \$700k portions over two years (20/21 and 21/22). The \$1.4m was based on an estimated \$900k for the master plan and \$500k for the plan variation component.
- 4 During the Request for Proposal process, the four shortlisted suppliers put forward prices for undertaking the Master Plan and Plan Variation process, with prices ranging from \$960,000 - \$1,400,000. If any of the proposals received are accepted, funding for the work is required over the much shorter period of nine months.
- 5 Accordingly, there is a budget shortfall in this current financial year in the order of \$450k caused by the revised timeframe for the work.

RECOMMENDATION | NGĀ TŪTOHUNGA

That Council:

1. **Note** the contents of this report;
2. **Approve** a budget adjustment for the 2020/21 year which increases the budget for the Ladies Mile Masterplan and Plan Variation project by \$450,000 and decreases the budget in 2021/22 by \$450,000, to be loan funded with 50% coming from the approved HIF funding (interest free Crown loans) and the remainder being absorbed within the Planning and Development 2020/21 budget.

Prepared by:



Liz Simpson
Senior Planner – Urban
Development

9/07/2020

Reviewed and Authorised by:



Tony Avery
General Manager Planning &
Development

9/07/2020

CONTEXT | HOROPAKI

6 A number of decisions on Ladies Mile have resulted in the Council acknowledging the likelihood of the Ladies Mile being developed for urban purposes in the medium to long term. Accordingly, a proactive Council-led planning approach should be undertaken to address specific outcomes in terms of community facilities, housing, recreation, transport, green space and infrastructure considerations for Ladies Mile in a coordinated manner. The 12 March 2020 Council Report addressed the full history of Ladies Mile and is provided as Attachment A.

History of Ladies Mile Development Proposals

7 A number of events have shaped the development of the land around Ladies Mile, beginning with the rezoning of Lake Hayes Estate in 1998 through a district plan submission enabling 617 low density and rural residential dwellings. In 2010, a private plan change for Shotover Country approved another 750 dwellings for the area.

8 In 2016, two Special Housing Area (SHA) applications were approved, resulting in an additional 101 dwellings within Shotover Country area and 376 retirement units for the Queenstown Country Club. During a Council meeting in May 2016 about the Queenstown Country Club, it was noted that the approval of the Queenstown Country Club SHA would change the area considerably and open up the potential for development of Ladies Mile for urban development. This view was endorsed in 2017, with comments from the Hearing Panel recommending that Ladies Mile was highly suitable for more urban development, followed by the inclusion of Ladies Mile within the SHA Lead Policy as an area that was likely to be developed over time. 2017 also saw the approval of the Housing Infrastructure Fund (HIF) as well as Stage 2 of the Proposed District Plan (PDP) rezoning land along Ladies Mile for a range of rural residential densities that could enable approximately 119 dwellings.



Figure 1: Timeline of key decisions along Ladies Mile

Previous Council Decisions

- 9 A number of recent Council decisions have also had a strong bearing on the present direction for Ladies Mile, these include:
- October 2017 – Ladies Mile added to the SHA Lead Policy following the approval of the Queenstown Country Club SHA. This approval recognised that Ladies Mile was likely to be developed over time and opened the door to further SHA proposals.
 - April 2019 – Decision to decline the three SHA’s, citing concerns over transport and infrastructure, and concerns that, with the pending expiry of HASHAA, that the approvals were rushed.
 - May 2019 – it was agreed that Ladies Mile may be developed for urban purposes in the medium to long term and that a proactive Council-led planning approach should be undertaken. It was further agreed to investigate options for a Council-led variation to the PDP and a master Plan.
 - March 2020 - Council approved procurement and works to proceed on the Ladies Mile Masterplan and Plan Variation based on the Establishment Report completed by Rationale Ltd.
- 10 At the 12 March 2020 Council meeting, Council approved procurement and works to proceed on the Ladies Mile Masterplan and Plan Variation to enable and manage development of the area. It was agreed this would include: consultation on community views on future development options and community aspirations for the wider Ladies Mile area, options for achieving integrated planning, management and funding of land use and transport at Ladies Mile including possible ways to expedite planning for Ladies Mile.
- 11 Budget was approved for the Ladies Mile Masterplan and Plan Variation through the 20/21 Annual Plan submission process. The internal submission noted the following: “\$1.4m required - to be spent over 2 years 20/21 and 21/22 (20/21 to be partially loan funded as per District Plan with \$500k loan & \$200k rates).” The submission assumes that a further \$700k would be required in 2021/22.

Request for Proposals

- 12 A Request for Proposal (RFP) was advertised on 19 May 2020, closing on 16 June 2020. The RFP sought a supplier to complete an integrated masterplan and plan variation with a preference to follow a streamlined planning process, to ensure a cohesive approach to transport, land use, housing, infrastructure and social infrastructure that promotes community outcomes and an ability to deliver enhanced transport outcomes. The contract term is for nine months and will end in March/April 2021.
- 13 Figure 2 below identifies the area of focus and the area of influence. The area of focus identifies the primary focus area for most of the initiatives, projects and key activities that will be part of the masterplan. This is largely the undeveloped area of Ladies Mile to the north. The Area of Influence identifies the area that will have a direct influence on the master planning process and includes Alec Robbins Road, the margins of the Outstanding

Natural Landscape at Morven Hill and the Kawarau River and the Outstanding Natural Features of Slope Hill and Lake Hayes.



Figure 2: Area of focus and Influence

- 14 In response to the RFP, seven proposals were received, with each proposal consisting of a consortium of individual firms and persons proposing to work together to be able to deliver on the RFP requirements. Through a moderated tender evaluation process, four consortium firms were shortlisted based on the RFPs that scored the highest on organisation capability, master planning track record, legislative approvals experience and programme methodology.
- 15 The four shortlisted RFPs have been subsequently interviewed and the price component reviewed. The four price proposals range from \$960,000 - \$1,400,00 with the main line items consisting of: project establishment and review of existing reports, provision of policy and strategy inputs, coordination, liaison and key stakeholder engagement, delivery of the master plan, public consultation and the delivery of the streamlined legislative approvals.

ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

- 16 The Annual Plan provides a total budget for the project of \$1.4m spread in equal \$700k portions over two years (20/21 and 21/22). The \$1.4m was based on an estimated \$900k for the master plan and \$500k for the plan variation component.
- 17 If any of the proposals received are accepted, funding for the work is required over the much shorter period of nine months. There is therefore, a budget shortfall in this current financial year in the order of \$450k caused by the revised timeframe for the work.

Preparing a masterplan and technical evidence, plan provisions and consultation to support a plan variation in parallel, places a greater proportion of the costs in the first year.

- 18 All the proposed methodologies that were considered envisaged that the majority of technical work and consultation required to complete both a masterplan and prepare the RMA documentation would happen early and in parallel.
- 19 An additional benefit of the parallel approach is that it makes it possible to seek that the plan variation is determined through a streamlined planning process (SPP). A feature of the SPP is that it has the potential to limit the appeal rights of interested and affected parties which can reduce those costs associated with protracted appeal processes. The truncated nature of this process means that early and deliberate consultation is needed up front.
- 20 Loading a significant portion of the costs into the first year of the project and undertaking the RMA work in a parallel process is expected to reduce the total costs of promulgating a variation. The remaining budget for 21/22 (\$250k) will be reviewed as part of the LTP process. This is because of the substantial RMA work that will have been undertaken in year one under the RFP.
- 21 It should also be noted that a Housing Infrastructure Fund (HIF) loan has been agreed with Central Government for \$17.5m HIF funding, and \$6.5m NZTA funding. The QLDC share for HIF infrastructure is \$6m, and the advice we have received is that the HIF is available to meet 50% of the total costs related to the masterplan and plan variation.
- 22 As described above, for 20/21, there would therefore be a shortfall in funding of \$450,000. It is proposed that if approved, the extra cost would be debt-funded in accordance with the current funding approach, with 50% being funded from HIF and the remainder of the debt costs being absorbed within the Planning and Development budget for the 2020/21 year.

Options

- 23 **Option 1 – Not approve the budget adjustment request – and do not proceed with the RFP and subsequent the masterplan and plan variation process.**
- 24 This option involves changing position on supporting coordinated urbanisation of Ladies Mile and retaining the zoning and plan provisions in the PDP which provide for Rural Lifestyle and Large Lot Residential Zones. This could ultimately mean losing the opportunity of developing the Ladies Mile for urban purposes, while also acknowledging that private developers will be likely to apply for resource consents or private plan change(s) to increase their development rights.

Advantages:

- 25 No additional funding required;
- 26 In the short term the relatively rural aspect to the north of Ladies Mile is retained;

- 27 The district plan work for this area is essentially done if very limited future development of the area is preferred; and
- 28 Private developers take all the risk and the costs associated with future resource consents or private plan change(s).

Disadvantages:

- 29 Likely to see Private Plan Changes being promulgated over time to increase development rights for landowners which may not be consistent with the aspirations of the Council and community as expressed in the Establishment Report;
 - 30 Commitment to Central Government partners would be lost in regards to the HIF and MBIE, the NZTA and MOE;
 - 31 Perception that Council has acted in bad faith with the Ladies Mile private developers as Council Lead Policy and previous Council Decisions have all indicated that Ladies Mile should be developed as a greenfield development area;
 - 32 Lose ability to require density which supports shift to public transport and active modes. Traffic issues may increase from development capacity available in Frankton, Shotover Country and Lakes Hayes, or further afield in Cromwell or beyond;
 - 33 More difficult to achieve new community facilities at Ladies Mile (other than at 516 Frankton Road Ladies Mile and the existing offerings within Shotover Country and Lake Hayes Estate);
 - 34 Lose opportunity to improve housing affordability as fewer houses would be built;
 - 35 There will be less ability to achieve increased density in the near term with developers likely to continue with the residential styles of development seen in the adjacent Lake Hayes Estate and Shotover Country; and
 - 36 Rural aspect to the north of Ladies Mile likely to erode over time under the Rural Lifestyle zoning (albeit with nothing like the degree of change with other options).
- 37 **Option 2 - Not approve the budget adjustment request – change the scope of the works and undertake the Masterplan separately from the plan variation**
- 38 This option involves undertaking a Council-led masterplan and then a Council plan variation as two separate processes. This would enable the LTP budget split over the 20/21 & 21/22 to be realised as is.

Advantages:

- Council can inform their plan variation using a finalised masterplan, ensuring it sets out to achieve the masterplan outcomes;
- Could reduce pressure on timelines and QLDC resources due to extended timeframes;

- Commitment to Central Government partners would not be lost in regards to the HIF and MBIE, the NZTA and MOE;
- Ability to promote density which supports shift to public transport and active modes. Traffic issues may increase from development capacity available in Frankton, Shotover Country and Lakes Hayes, or further afield in Cromwell or beyond;
- Potential for new community facilities at Ladies Mile (other than at 516 Frankton Road Ladies Mile and the existing offerings within Shotover Country and Lake Hayes Estate);
- Opportunity to improve housing affordability by enabling a range of typologies; and
- A Council-led masterplan and plan variation is more likely to achieve integrated planning, management and funding of land use and transport at Ladies Mile.

Disadvantages:

- The scope of the RFP would need to be reduced, which may require a new RFP process to be started;
- The necessary collective momentum around the project is likely to dissipate over time, seeing the plan provisions depart from or eroding the masterplan vision and key moves with potential for consensus and funding to erode and get diverted over time;
- Extended timeframes and greater uncertainty may mean that private developers will be unwilling to wait and could notify their own private plan changes or seek resource consents directly;
- Separating the masterplan and plan variation into two separate processes involves more costs and these costs will need to be met by Council; and
- Undertaking two separate processes will require a longer use of internal resources.

39 **Option 3 Approve the budget adjustment request to enable the continuation if the RFP and subsequent masterplan and plan variation**

40 This option involves continuing with the RFP and a Council-led masterplan and a Council plan variation as single processes.

Advantages:

- Investment so far via the Establishment Report and the procurement work continues.
- Shorter time frame compared to option 2 when processing a masterplan and plan variation simultaneously;
- Commitment to Central Government partners would not be lost in regards to the HIF and MBIE, the NZTA and MOE;
- Ladies Mile private developers can have faith that Council are acting quickly; and

- A Council-led masterplan and plan variation is more likely to achieve integrated planning, management and funding of land use and transport at Ladies Mile.

Disadvantages:

- Involves additional public expenditure which is likely to benefit private developers (as well as the long term public interest) at a time when there are significant economic difficulties in the wider district economy which will have flow on effects for the financial position of the Council;
 - Requires additional funding with Council meeting all the costs, noting a combined process will almost certainly cost considerably less than option 2;
 - Resource and process heavy but for a relatively shorter period compared to option 2
 - Council can seek to ensure outcomes of the masterplan & plan variation through the plan variation but there is no mechanism to force private developers to deliver the masterplan.
- 41 This report recommends **Option 3** to approve the additional funding request. This will enable completion of the RFP process, with the Council-led masterplan and plan variation providing an integrated and cost effective way of delivering a masterplan and plan change requirements in a timely manner that will promote improved community outcomes and an ability to deliver enhanced transport outcomes including public and active travel, along with better development outcomes.

CONSULTATION PROCESS | HĀTEPE MATAPAKI:

> SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

- 42 This matter is of medium significance, as determined by reference to the Council's Significance and Engagement Policy because the Ladies Mile is a matter of strong community interest and importance to the Queenstown Lakes District.
- 43 The persons who are affected by or interested in this matter are the residents/ratepayers of the Queenstown Lakes district community, and the private developers of Ladies Mile.
- 44 Early consultation meetings were undertaken with the Ladies Mile landowners, community groups and partner organisations and stakeholders. Further statutory consultation will occur as part of the master planning and plan variation. All early consultation groups plus all those persons who are affected by or interested in this matter as residents of the Queenstown Lakes District community will also be able to submit on the and join the statutory process.

> MĀORI CONSULTATION | IWI RŪNANGA

- 45 Māori consultation is not applicable to the decision required in this report; consultation will be sought as part of the master planning and plan variation process.

RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

- 46 This matter relates to the financial risk category. It is associated with RISK00020 – Unexpected change in costs, this risk is assessed as having a moderate inherent risk rating.
- 47 The approval of the recommended option will support the Council due to the value, efficiency and improved resilience gained by undertaking these works early, which provides a greater benefit to QLDC and the ratepayer base than delaying the works to a later date.

FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

- 48 Budget was approved for the Ladies Mile Masterplan and Plan Variation through the 20/21 Annual Plan submission process. The internal submission noted the following: “\$1.4m required - to be spent over 2 years 20/21 and 21/22 (20/21 to be partially loan funded as per District Plan with \$500k loan & \$200k rates).”
- 49 It now proposed to bring forward \$450k of funding into the 202021 year and to decrease the budget in 2021/22 by \$450k. The change, if approved, would be debt funded in accordance with the current funding approach, with 50% being funded from HIF and the remainder of the debt costs being absorbed within the Planning and development budget for the 2020/21 year.

COUNCIL EFFECTS AND VIEWS | NGĀ WHAKAAWEAWE ME NGĀ TIROHANGA A TE KAUNIHERA

- 50 The following Council policies, strategies and bylaws were considered:
- 2020/2021 Annual Plan Mahere -ā-Tau;
 - Ten-Year Plan 2018-2028 He Mahere Kahurutaka;
 - Significance and Engagement Policy
- 51 The recommended option is consistent with the principles set out in the named policy/policies
- 52 Option 3 is not included in the Ten Year Plan/Annual Plan

LEGAL CONSIDERATIONS AND STATUTORY RESPONSIBILITIES | KA TURE WHAIWHAKAARO, ME KĀ TAKOHAKA WAETURE

- 53 There is no statutory requirement to review the District Plan provisions for the Ladies Mile area at the present time. Master planning is a non-statutory process that falls under the general provisions of the Local Government Act 2002 around decision making and meeting the needs of communities and for infrastructure services (see section below).
- 54 The terms of the Housing Infrastructure Fund loan agreement are a further legal consideration but they can be built into the detailed programme of works for the Masterplan and plan variation.

LOCAL GOVERNMENT ACT 2002 PURPOSE PROVISIONS | TE WHAKATURETURE 2002 O TE KĀWANATAKA Ā-KĀIKA

55 The recommended option:

- Will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses; and
- Is consistent with the Council's plans and policies.

ATTACHMENTS | NGĀ TĀIRIHANGA

A 12 March 2020 Ladies Mile (Te Putahi) Master Plan and Plan Variation Council Report