

23 November 2021

## 13 CONFIDENTIAL REPORTS

### 21.9.12 GAIR AVENUE, CROMWELL

Doc ID: 559166

#### Public Excluded

|                               |  |
|-------------------------------|--|
| <b>Section under the Act</b>  | The grounds on which part of the Council or Committee may be closed to the public are listed in s48(1)(a)(i) of the <i>Local Government Act 2002</i> . |
| <b>Sub-clause and Reason:</b> | s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities.   |

#### 1. Purpose of Report

To consider funding developed design concepts for the different typologies proposed for Gair Avenue development.

#### Recommendations

That the Cromwell Community Board

- A. Receives the report and accepts the level of significance.
- B. Agrees to fund \$200,000 for the developed design concepts, which would include two different typologies proposed for Gair avenue development.
- C. Agrees to publicly release the minutes and report when the outcome of the application to the Infrastructure Acceleration Fund is confirmed.

#### 2. Background

A report was referred to Council on the 11 August 2021 for the Gair Avenue subdivision and approved.

Council resolved (Resolution 21.6.28) as follows:

##### **RESOLUTION**

**Moved: Laws**

**Seconded: McKinlay**

*That the Council*

- A. *Receives the report and accepts the level of significance.*
- B. *Agrees to adopt the development plan titled Super Lot Concept Plan dated 31 May 2021.*
- C. *Agrees that the final stage of Council's land at Gair Avenue, Cromwell be developed in general accordance with Super Lot Concept Plan dated 31 May 2021.*
- D. *Agrees to apply to the Infrastructure Acceleration Fund for funding of infrastructure.*
- F. *Agrees to progress construction of horizontal infrastructure in general accordance with the adopted plan, subject to receiving funding from the Infrastructure Acceleration Fund.*

- G. *Agrees to publicly release the minutes and report when the outcome of the application to the Infrastructure Acceleration Fund is confirmed.*

The Council submitted an EOI application to the Infrastructure Acceleration Fund on 18<sup>th</sup> August 2021 and have been invited to progress to the RFP stage. The RFP is due on the 17<sup>th</sup> December 2021 (see appendix 1)

### 3. Discussion

The next stage in the Gair Avenue subdivision project is to develop design concepts. Including information about the design concepts will improve the RFP application and enhance the likelihood of success.

The request is to fund the design of 37 units for Terraced Housing & 44 units for Semi-detached with urban design input. The amount requested includes a 15% contingency.

**Total approx. of \$200,000**

### 4. Financial Considerations

\$200,000 for developed design concepts to be funded from reserves. This will be replenished when sections are sold in the development. Finance has been consulted.

### 5. Options

#### Option 1 – (Recommended)

That the Board:

- Agrees to fund \$200,000 for developed designed concepts for the Gair Avenue development.

Advantages:

- Development of the designed concepts will enable a more robust RFP application to the IAF.
- If the RFP is successful external funding for building of infrastructure will enable the overall development to progress more quickly as will be less reliant on income from section sale to progress.
- External funding may enable partnering opportunities for delivery of affordable housing.
- External funding will reduce risk and provide a stronger financial return to Council.

Disadvantages:

- The outcome of the IAF will not be know until May 2022, so may delay the commencement of the development.

#### Option 2

- Do not agree to fund \$200,000 for development designed concepts for the Gair Avenue development.

## Advantages:

- Does not deplete reserves at this time.

## Disadvantages:

- May result in failure to achieve funding through the IAF.
- Development of Gair Avenue will be delayed.

## 6. Compliance

|  |  |
|--|--|
| <p><b>Local Government Act 2002 Purpose Provisions</b></p>   | <p>This decision enables democratic local decision making and action by, and on behalf of communities.</p> <p>Section 10 of the Local Government Act 2002 includes the purpose of local government to meet the current and future needs of communities for good quality local infrastructure, local public services and performance regulatory functions in a way that is most cost effective for households and businesses.</p> <p>Sale of land provides income which helps fund those activities.</p> <p><b>AND</b></p> <p>This decision promotes the social, cultural, and economic wellbeing of communities, in the present and for the future by facilitating development of land in order to deliver housing and providing choices of housing typologies and affordability to the community.</p> |
| <p><b>Decision consistent with other Council plans and policies? Such as the District Plan, Economic Development Strategy etc.</b></p> | <p>The decision is consistent with the Cromwell Spatial Plan.</p>  |
| <p><b>Considerations as to sustainability, the environment and climate change impacts</b></p>  | <p>This decision does not impact on sustainability.</p>  |
| <p><b>Risks Analysis</b></p>   | <p>Risk is low as the income from the development will replenish reserves. Risk relating to the overall proposal will be addressed in a subsequent report detailing how the development will be staged and developed.</p>  |
| <p><b>Significance, Consultation and Engagement (internal and external)</b></p>  | <p>The land is zoned residential, so development is consistent with community expectations and the District Plan.</p> <p>No thresholds in the Significance and Engagement Policy are exceeded.</p>   |

|  |   |
|--|---|
|  | <p>The land is not a strategic asset.</p> <p>Given the above it is considered that adopting the proposal is not significant and no further engagement or analysis of community views is deemed necessary.</p> |
|--|---|

## 7. Next Steps

- Engage an architect to undertake the developed design concepts.
- Complete the RFP application for the IAF.
- Further planning and report to the Board for development of the block.

## 8. Attachments

**Appendix 1 - Gair Avenue Outcome Letter Notification.pdf** [↓](#)


**Appendix 2 - Gair Avenue Cromwell Report 21.6.9** [↓](#)

Report author:



Garreth Robinson  
Property and Facilities Manager  
11/11/2021

Reviewed and authorised by:



Louise van der Voort  
Acting Chief Executive Officer  
16/11/2021



10 November 2021

**Central Otago District Council**

Attention: Louise Van Der Voot

Kia ora Louise,

**Infrastructure Acceleration Fund – EOI Outcome Notification**

Kāinga Ora refers to the Invitation for Expressions of Interest (EOI) released on 30 June 2021 and would like to thank you for the following Proposal submitted by Central Otago District Council (the Applicant) in relation to

- Gair Avenue Development (the Proposal).

Kāinga Ora received over 200 Proposals, which in total sought funding of more than \$5 billion. This amount is well in excess of the IAF funds available.

Kāinga Ora has now completed its evaluation of Proposals in accordance with the eligibility and evaluation criteria in the EOI.

Kāinga Ora is pleased to advise that, following this evaluation, the Proposal is now invited to progress to the RFP stage.

Guidance on how to complete the RFP Response Form is available on Tenderlink and has been previously emailed to you along with the RFP and RFP Response Form.

Tenderlink will also be used for submitting Proposals in response to the Request for Proposal (RFP) which is due by 3pm Friday, 17 December 2021.

Kāinga Ora looks forward to working with you at the RFP Stage. Any questions can be forwarded to [IAF@kaingaora.govt.nz](mailto:IAF@kaingaora.govt.nz).

Ngā mihi,

A handwritten signature in black ink that reads "Andrew Brown".

Andrew Brown

**Project Director**

**Infrastructure Acceleration Fund**

**Kāinga Ora – Homes and  
Communities**

**PROPOSAL OUTCOME NOTIFICATION – GAIR AVENUE DEVELOPMENT (P236)**

Kāinga Ora refers to Gair Avenue Development (the Proposal) and is pleased to advise that this Proposal has been selected to progress to the RFP stage.

**Clarifications**

There are no particular points of clarification for this proposal.

Released from public excluded

**21.6.9 GAIR AVENUE, CROMWELL**

Doc ID: 544278

**Public Excluded**

|                               |   |
|-------------------------------|---|
| <b>Section under the Act</b>  | The grounds on which part of the Council or Committee may be closed to the public are listed in s48(1)(a)(i) of the <i>Local Government Act 2002</i> .  |
| <b>Sub-clause and Reason:</b> | s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). |

**1. Purpose of Report**

To consider development of the final stage of the Gair Avenue block and funding engineering design for the development.

**Recommendations**

That the Cromwell Community Board

- A. Receives the report and accepts the level of significance.
- B. Agrees to adopt the development plan titled Super Lot Concept Plan dated 31 May 2021.
- C. Recommends to Council that the final stage of Council's land at Gair Avenue, Cromwell be developed in general accordance with Super Lot Concept Plan dated 31 May 2021.
- D. Agrees to apply to the Infrastructure Acceleration Fund for funding of infrastructure.
- E. Agrees to funding \$370,000 for engineering design for the development.
- F. Agrees to progress construction of horizontal infrastructure in general accordance with the adopted plan, subject to receiving funding from the Infrastructure Acceleration Fund.

**2. Background**

A report was referred to the Cromwell Community Board (the Board) on 18 September 2018 seeking approval to progress the subdivision development of the final stage of Council owned land at Gair Avenue, Cromwell (Stage 6) and seeking funding for development of the McNulty Buffer Reserve.

The Board approved the funding of the development of the reserve but did not agree to progress the final stage of Gair Avenue residential development until it had first heard from the Central Otago Affordable Housing Trust.

The Central Otago Housing Trust attended a meeting of the Board in February 2019 where they discussed the opportunity for delivering affordable housing using the secure housing model or similar. Trust members referenced the work of the Queenstown Lakes Affordable Housing Trust and advised that their proposed approach was that the Board/Council transfer land to the Central Otago Housing Trust to enable the Trust to facilitate affordable housing options in Central Otago.

In 2019, Council agreed to a programme of work to articulate Council's role in housing. Council received staff reports on this subject in March and May 2020. On 22 September 2020, a report was referred to the Cromwell Community Board providing an update on the progress of the housing work and recommending development of the final stage of Gair Avenue residential

subdivision. The Board agreed to note progress of the work and to receive a report on the development of the remaining land at Gair Avenue.

In November 2020, a report was referred to the Board (in accordance with its resolution of 22 September 2020), recommending development of the final stage of Gair Avenue subdivision, by delivering a range of section sizes and thereby offering more choice of housing typology and affordability to the community. A copy of the report is contained in **Appendix 1**.

After discussion, the Board agreed that it was too early in the process to make any recommendations to Council, and instead that there should first be a Community Board workshop to discuss the options for development of the land.

Following the Board resolution in November 2020, consultants Boffa Miskell were invited to workshops in January 2010 and March 2021 to discuss opportunities for residential development of the Gair Avenue block. The consultants were asked to provide options for a range of densities and housing typologies that could enable delivery of affordable housing, incorporating good urban design and access to open space.

The presentations to the Board discussed opportunities to intensify some areas in the Gair Avenue development block into medium-high residential developments to offer a new form of residential living in Cromwell. The concepts promoted cost effective, innovative housing solutions with integration of best practice design for safe and healthy environments. Crucial to the success of higher density living is the integration of green networks and high-quality urban design.

### 3. Discussion

Following the workshop in March, and feedback from the Board, the consultants were asked to further develop the concepts taking into account geotechnical and engineering constraints of the site.

The concepts have now been finalised and are included in the attached document titled *Residential Development: Gair Avenue, Cromwell* dated 31 May 2021. See **Appendix 2**.

The proposed development comprises 7 super lots which provide the opportunity for a range of densities and housing typologies as follows:

#### Super Lot 1

- 5 detached dwellings
- 18 semi-detached dwellings

#### Super Lot 2

- 4 detached dwellings
- 6 semi-detached dwellings

#### Super Lot 3

- 5 semi-detached dwellings
- 7 terrace houses

#### Super Lot 4

- 8 semi-detached dwellings
- 8 terrace houses

#### Super Lot 5

- 14 terrace houses



## Super Lot 6

- 20 low rise apartments

## Super Lot 7

- 7 semi-detached dwellings
- 8 terrace houses

|                         |     |
|-------------------------|-----|
| Detached dwellings      | 9   |
| Semi-detached dwellings | 44  |
| Terrace houses          | 37  |
| Low rise apartments     | 20  |
| Total                   | 110 |

The plan titled Super Lot Concept Plan dated 31 May 2021 is attached as **Appendix 3**.

The provision of super lots enables staging of the development to meet demand, while testing the market for interest in different housing typologies. Developing in this method enables the Board to be a leader in delivery of new types of housing in Cromwell, providing more affordable options whilst managing risk; if there is not sufficient interest at any stage the Board can reconsider lot sizes, housing typologies or time of release of sections/dwellings, taking into account growth, demand and market conditions.

The Board, as a developer, has the opportunity to provide leadership in a new form of residential living in Cromwell whilst ensuring delivery of a high level of residential amenity by ensuring excellent urban design, access to open spaces and provision of greenways.

The proposal, as detailed in the appended documents *Residential Development: Gair Avenue, Cromwell* and the *Super Lot Concept Plan* (both dated 31 May 2021), meets the Cromwell Masterplan objectives relating to accommodating growth by making housing available and affordable (per the Investment Logic Map problem and benefit statements) and also contributes to the yields identified in the Cromwell Spatial Plan adopted by the Board in May 2019.

The proposal is also consistent with Council's work on housing as it supports their role in contributing to housing affordability. A report will be referred to a future Council meeting which will likely align with any recommendations the Board make to Council on the development of the final stage of Gair Avenue subdivision.

Since development of the overall concept plan titled *Residential Development: Gair Avenue, Cromwell* (dated 31 May 2021), Kāinga Ora have announced the Infrastructure Acceleration Fund (IAF). The IAF is a contestable process designed to allocate funding to infrastructure projects for housing development, enabling a meaningful contribution to housing outcomes in areas of need.

The IAF criteria are summarised as follows:

- Housing outcomes (40%): how will the Proposal, if delivered, contribute to the housing outcomes that are the purpose of the Infrastructure Fund?
- Impact of funding (20%): how critical is this funding to advancing the infrastructure and housing development?
- Cost and co-funding (20%): how cost effective is the Proposal and is everyone paying their fair share?

- iv. Capability and readiness (20%): if funding is approved, how certain is it that the project will advance, and at what pace?

A two-stage process will apply where all applicants are invited to provide an Expression of Interest (EOI) with high level information on the housing development. Following an assessment of the proposals, a reduced number of applicants will be invited to submit a full proposal in response to a Request for Proposal (RFP).

Investigations into the IAF criteria indicate that Council has a strong case to access funding for construction of the infrastructure. If funding is obtained to cover (or partially cover) the cost, this will change how the development of the land will be staged and the speed at which housing can be delivered to the Cromwell community.

In order to make a robust application to the IAF, engineering design is required so that the cost of the infrastructure for the development is known. This would both inform the application and also demonstrate Council's commitment to the proposal to develop and deliver housing. Engineering design is a part of the development process required in any case, so completing this work upfront will expedite the application for subdivision regardless of the outcome of the application for funding.

It is therefore proposed that engineering design be undertaken, and an application made to the full value of the infrastructure for the overall development. Further partnership opportunities to deliver affordable houses may be available (subject to funding from IAF).

On receiving the outcome of the funding application, the delivery of the development can be planned, including staging, detailed design of housing typologies, marketing opportunities and development options including any potential involvement of development partners. A report will be brought to the Board seeking approval to progress the staged development and marketing.

#### 4. Options

##### Option 1 – (Recommended)

That the Board:

- Recommends to Council that the final stage of Council's land at Gair Avenue, Cromwell be developed in general accordance with the layout provided in the document *Residential Development: Gair Avenue, Cromwell* dated 31 May 2021. Staging of the development will be subject to a further report when outcomes from funding application are known
- Agrees to adopt the development plan titled *Residential Development: Gair Avenue, Cromwell* dated 31 May 2021
- Agrees to adopt the document titled *Residential Development: Gair Avenue, Cromwell* dated 31 May 2021 to be used as the guiding document for the overall subdivision development
- Agrees to apply to the Infrastructure Acceleration Fund for funding for building the infrastructure for the overall development
- Agrees to funding \$370,000 for engineering design for the development
- Agrees to the construction of horizontal infrastructure if funding received

Advantages:

- Development of the engineering design will enable a more robust application to the IAF
- External funding for building of infrastructure will enable the overall development to progress more quickly as will be less reliant on income from sections sales to progress

- External funding may enable partnering opportunities for delivery of affordable housing
- External funding will reduce risk and provide a stronger financial return to Council
- Progressing in a staged manner gives the Council the ability to test the market and release land in accordance with demand
- Staging the development enables delivery of any Council policy in relation to affordable housing

Disadvantages:

- The outcomes of the IAF will not be known until later in 2021, so may delay commencement of development

#### Option 2

Do not agree to the land being made available for development and to applying to the IAF for funding of infrastructure.

Advantages:

- Enables a Council position or policy to be developed on affordable housing prior to the development of the land

Disadvantages:

- Not providing land or houses to the market may contribute to undersupply and therefore reduce opportunities for the community and newcomers to the area to own a home
- Lack of housing supply potentially worsens affordability and may affect decisions for people to settle in Cromwell
- May be perceived as land banking to maximise return
- Council would receive less return overall if external funding not obtained

#### Option 3

Agree to sell the block as a whole on the open market.

Advantages:

- Minimal resources are required by Council to make the land available for sale
- The land will quickly become available for a developer to progress
- There is low risk to the Board/Council

Disadvantages:

- The Board will not have the opportunity to control outcomes and deliver different housing typologies to the market
- This option presents the lowest potential return to the Board
- Opportunities to create more affordable housing are likely to be lost
- External funding through the IAF may not be available

#### Option 4

Agree to adopt the *Residential Development: Gair Avenue, Cromwell* document dated 31 May 2021 and sell super lots to the market.

Advantages:

- Minimal resources are required to make the land available for sale
- This gives the Board some opportunity to control the high-level design of the subdivision
- Low level of risk

Disadvantages:

- The Board has less control over housing typologies
- Lower level of return
- External funding through the IAF may not be available to Council

Option 5

Agree to advertise for a development partner and undertake a more traditional subdivision.

Advantages:

- Less input required from the Council
- Good return to the Board
- Low risk
- External funding through the IAF may be available for the development

Disadvantages:

- Board loses an opportunity to lead the way for a new form of residential living in Cromwell
- Less return

Option 6

Agree to undertake the development without a development partner.

Advantages:

- The Board has full control of outcomes
- Potentially highest returns
- Potential for IAF funding

Disadvantages:

- Will require high level of staff resource and external consultant expertise
- Highest level of risk

**5. Compliance**

|  |   |
|--|---|
| <p><b>Local Government Act 2002 Purpose Provisions</b></p> | <p>This decision enables democratic local decision making and action by, and on behalf of communities.</p> <p>Section 10 of the Local Government Act 2002 includes the purpose of local government to meet the current and future needs of communities for good quality local infrastructure, local public services and performance regulatory functions in</p> |
|--|---|

|   |   |
|---|---|
|   | <p>a way that is most cost effective for households and businesses.</p> <p>Sale of land provides income which helps fund those activities.</p> <p><b>AND</b></p> <p>This decision promotes the social, cultural, and economic wellbeing of communities, in the present and for the future by facilitating development of land in order to deliver housing and providing choices of housing typologies and affordability to the community.</p> |
| <b>Financial implications – Is this decision consistent with proposed activities and budgets in long term plan/annual plan?</b> | \$370,000 for engineering design to be funded from reserves. This will be replenished when sections are sold.   |
| <b>Decision consistent with other Council plans and policies? Such as the District Plan, Economic Development Strategy etc.</b> | The decision is consistent with the Cromwell Spatial Plan.  |
| <b>Considerations as to sustainability, the environment and climate change impacts</b>  | This decision does not impact on sustainability beyond objectives of Council's Procurement Strategy.  |
| <b>Risks Analysis</b>   | Risk is low as the income from the development will replenish reserves. Risk relating to the overall proposal will be addressed in a subsequent report detailing how the development will be staged and developed.  |
| <b>Significance, Consultation and Engagement (internal and external)</b>  | <p>The land is zoned residential, so development is consistent with community expectations and the District Plan.</p> <p>No thresholds in the Significance and Engagement Policy are exceeded.</p> <p>The land is not a strategic asset.</p> <p>Given the above it is considered that adopting the proposal is not significant and no further engagement or analysis of community views is deemed necessary.</p>                              |

## 6. Next Steps

- Report to Council recommending development of Gair Avenue subdivision.
- Engage an engineer to undertake engineering design.
- Application to IAF for funding.
- If funding received build infrastructure for the whole block.
- Further planning and report to the Board for development of the block.

**7. Attachments**

**Appendix 1 - Report to Cromwell Community Board (22 Sept 2020)**

**Appendix 2 - Concept Document - Residential Development: Gair Avenue, Cromwell**

**Appendix 3 - Super Lot Concept Plan**

Report author:

Reviewed and authorised by:



Garreth Robinson  
Property and Facilities Manager  
12/07/2021



Louise van der Voort  
Executive Manager - Planning and Environment  
13/07/2021

Released from public excluded