

# **Lakeside Sales Precinct Resource Consent**

## **LUC0583/17**

### **Council Hearing Evidence**

**by**

**Simon Ash**

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#### **Introduction**

1. My name is Simon Ash, I am employed by Winton Partners, and am responsible for advising Lakeside Developments 2017 Limited (“LDL”) about development, marketing and sales strategy and other aspects of the greenfield residential development intended to be carried out by LDL known as ‘Lakeside’.
2. I have been associated with numerous aspects of property development for about 13 years. I have been involved in providing investment, strategy and management advice in respect of a range of development projects in both New Zealand and Australia.
3. In the 4.5 years I have been with Winton Partners, I have been involved in approximately 8 residential developments, throughout New Zealand, that have delivered in excess of 500 residential lots to the market.
4. This Evidence examines the resource consent application for the Lakeside sales precinct (the “Lakeside Sales Precinct Application”) only. I will not comment on the Lakeside private plan change application except to say that it was lodged with the Waikato District Council (“Council”) in April 2017 and publicly notified on 22 September 2017. This Lakeside Sales Precinct Application is totally independent from the Lakeside private plan change application.
5. To clarify, Lakeside Developments 2017 Limited is a subsidiary of Winton Partners and is the development company established to undertake the development of Lakeside.

#### **Background**

6. As you are aware, the Lakeside Sales Precinct Application is for a land use consent to establish the Lakeside sales precinct consisting of 5 show homes and a sales office at the Lakeside development (the “Lakeside Sales Precinct”). The Lakeside Sales Precinct will be used to provide examples of the homes

which can be constructed within the Lakeside development. The Lakeside Sales Precinct is an integral part of the Lakeside sales and marketing campaign and will be a key driver in achieving sales for the development.

7. The Lakeside Sales Precinct Application was lodged ahead of the outcome of the Lakeside private plan change, due to the commitment that Winton Partners made to the Ministry of Business, Innovation and Employment (“MBIE”), and Council, during the Housing Infrastructure Funding (“HIF”) application.
8. I freely admit that this is not the normal sequence of events to construct a sales precinct ahead of the outcome of a private plan change, but the opportunity presented by the HIF is by no means normal. MBIE has allocated \$37m of funding to upgrade Te Kauwhata’s infrastructure. Simply put, this is an opportunity Te Kauwhata, Council and Lakeside cannot squander.

### **Housing Infrastructure Funding**

9. The HIF funding, which has been allocated to Te Kauwhata by MBIE, and the role Lakeside played in securing this funding is the very essence of this Lakeside Sales Precinct Application. Mr Whittaker’s Section 42A Report does not mention this point.
10. In October 2016, the MBIE issued a document entitled ‘Housing Infrastructure Fund Call for Indicative Proposals’. This document stated the HIF Objectives and Outcomes as:

*“The HIF is a one-off contestable fund, aimed at accelerating short and medium-term supply of new housing in high-growth urban areas. Territorial authorities can apply for interim funding to bring forward specific transport and water infrastructure projects. Funding is expected to be prioritised on how many new houses will be built, cost per dwelling, when dwellings will be available, development certainty and timeframes for recouping the Crown’s investment.”*

11. The Council elected to make an application to the HIF for funding to upgrade and/or replace water, wastewater and roading infrastructure within Te Kauwhata. As was outlined within the Council proposal:

*“The HIF funding will provide infrastructure to allow the Lakeside development delivered by Winton Partners to be brought forward” and “With HIF assistance, identified capital works programmes scheduled beyond 2017 can be brought forward to support the growth and capital expenditure proposed by the developer of the Lakeside Development”.*

12. Section 5 of the “Housing Infrastructure Fund Call for Indicative Proposals” requested that evidence be provided to satisfy:

*“The degree and nature of developer commitment or interest in accelerating development of the area in which the infrastructure will serve.”*

13. Council, in November 2016 and March 2017, requested that Winton Partners provide a letter to outline its commitment to the project and how it intended to fast track the project’s development.
14. On 30 November 2016 and 23 March 2017, Chris Meehan (the founder and principal of Winton Partners) provided letters to MBIE and Council that were included within Council’s HIF application. These letters detailed Winton Partners’ commitment to accelerate development at Lakeside and to deliver completed residential lots to the market in a timely manner. These letters are attached to this evidence.
15. Within these letters, Chris outlined Winton Partners’ commitment to the project and processes that were to be put in place, or had already been put in place, to fast track the development of the property (i.e. the stated goal of the HIF). One of these processes was the construction of a sales precinct to allow the Lakeside sales and marketing campaign to commence during the 2017/2018 summer.
16. In July 2017, MBIE allocated \$37m of funding, via an interest free loan, from the HIF to Council, to fund upgrades to Te Kauwhata’s wastewater, water and roading infrastructure.
17. The importance of Winton Partners and the Lakeside development in securing this funding, cannot be underestimated. Without Lakeside there was no basis for the HIF application and it is via the project’s developments contributions that the majority of the funding will be repaid.
18. The Lakeside Sales Precinct Application was, and continues to be, an important part of the HIF application. It not only demonstrates Winton Partners’ commitment to the development but is fundamental in how the HIF funding is to be repaid – via the sale of residential lots at Lakeside.

#### **Comment on the Council’s Section 42A Report**

19. I would now like to address some points raised by Mr Whittaker within his Section 42A Report (the “Report”).
20. As I have outlined above, the Report ignores the HIF funding entirely.
21. Within point 101, Mr Whittaker states *“The nature of any new residential zoning let alone the type of housing typology which may be enabled by any successful Plan Change is not able to be determined at this stage.”*

The proposed show homes to be constructed within the Lakeside sales precinct are compliant with the planning provisions contained within the Lakeside Private Plan Change (this document was submitted to Council in April 2017). It would be illogical to construct show homes within Lakeside that are not compliant with the proposed planning provisions.

22. I would like to comment on the inaccuracies within the submission made by Allan Ross and Judy Garrick. These inaccuracies were relayed in a letter sent to the Council on 26 September 2017. The following statement is taken directly from the letter.

*"I make the following comments is regards to the submission made by Allan Ross and Judy Garrick. Each of the show homes contained within the Lakeside sales precinct are different in their size, floor layout and finish. As such, the comment made in the submission that "the show homes are identical" and "where every house looks the same; all lined up in a row" and "You also have to ask if having a mirror image of your neighbours' house is wise when it comes to the reselling of that property" is incorrect.*

*I also draw your attention to the comment (and accompanying images) made in the Garrick submission which states "Photos shown are of actual houses in a subdivision in Auckland, which are built from the same plans as the proposed development for Lakeside." This statement is simply incorrect, the homes detailed within the submission are not the same as those which are proposed to be constructed within the Lakeside Sales Precinct."*

#### **Comment on Submissions**

23. As has been outlined in the Report, Winton Partners has provided mitigation measures to each of the submitters concerns which related to traffic, earthworks (even though the Lakeside Sales Precinct Application does not request any earthworks to be completed) and services.
24. For the record, I confirm that LDL will:
- (a) Fund the washing of the homes of those submitters to this application who reside at 58 and 75 Scott Road following completion of the show home construction.
  - (b) Implement a traffic safety management plan for the Lakeside Sales Precinct construction site. The traffic safety management plan will include:
    - i. The requirement for all contractors to travel at 50km per hour or less along the length of Scott Road (reduced from the current 100km per hour limit).

- ii. The erection of signs at the entrance to Scott Road and the exit of the sales precinct to remind all contractors of this speed limit.
- iii. The phone number of the site manager will be provided to each of the neighbours along Scott Road so that they can be contracted directly in the event that the speed limit is not adhered to by the contractors.
- iv. A temporary gravel foot path would be constructed along the eastern side of Scott Road (from the subject property to the church) which would be suitable for pedestrians to walk along (subject to Council allowing LDL to undertake this work within the road reserve).

### **Show Home Removal**

25. The question has been raised as to what happens if the plan change is unsuccessful and the land remains zoned Rural. I confirm the undertakings made by LDL and Winton Partners, namely in a scenario where the plan change is not successful and the land remains zoned Rural, then those show homes that do not comply with the rural zoning will be removed from the site. LDL fully accepts that the construction of the show homes ahead of the outcome of the private plan change is at our risk. If it is unsuccessful then we will be required to remove the homes.

### **Conclusion**

26. Winton Partners wants Lakeside to be a successful development for the future owners and residents of the area, and for Lakeside to be held up as an example of how comprehensive, affordable low-medium density developments can be achieved.
27. The opportunity presented by the HIF funding is one that Council, Te Kauwhata and Lakeside cannot waste. The allocated funding will future proof Te Kauwhata's water, wastewater and roading infrastructure for generations to come.
28. I accept that the planning provisions might change through the plan change process. However, it should be noted that because the land is not subdivided, even if there are changes in the provisions, there is a lot of flexibility to the final arrangement of the subdivision layout should the plan change be approved but in a different form.

**Attachment 1 – Winton Partners Letters to the Ministry of Business, Innovation and Employment  
dated 30 November 2016**

# WINTON PARTNERS

LEVEL 2, 33 SHORTLAND STREET AUCKLAND 1010  
telephone +64 9 3777 003 facsimile +64 9 3777 011

30 November 2016

Mr Ashley Angus  
Procurement Officer  
MBIE NZ Government & Property

By email: HIF@mbie.govt.nz

Dear Ashley

## **APPLICATION FOR FUNDING FROM THE HOUSING INFRASTRUCTURE FUND**

Waikato District Council is submitting an application to the Ministry of Business, Innovation & Employment for funding from the Housing Infrastructure Fund. Funding received from the Housing Infrastructure Fund will fund the required wastewater and water infrastructure upgrades in Te Kauwhata (the "Infrastructure Upgrades").

The Infrastructure Upgrades are required to improve the current Te Kauwhata infrastructure and to increase its capacity to allow the Lakeside development to connect to the town's infrastructure.

Section 5 of the *"Housing Infrastructure Fund Call for Indicative Proposals"* requests evidence of *"The degree and nature of developer commitment or interest in accelerating development of the area in which the infrastructure will serve."*

The purpose of this letter is to detail Winton Partners' commitment to accelerate development at Lakeside, to deliver completed residential lots to the market in a timely manner.

### **Winton Partners Commitment to Accelerate Development at Lakeside**

Winton Partners commitment to accelerate development at Lakeside to deliver completed residential lots to the market in a timely manner, is demonstrated in two ways.

The first is through the financial commitment that is required to implement a residential development of this scale. Winton Partners' peak financial exposure in undertaking this development is approximately \$35 million. To undertake a residential development that needs a financial commitment of this quantum requires not only an experienced developer with a substantial balance sheet, but also for the residential lots to be developed and sold in a timely manner so that the committed capital can be recycled. Winton Partners is confident in its ability to undertake a development of this scale and has the in-house ability to identify all risks associated with the development and to implement appropriate mitigants.

The second demonstrable commitment to Lakeside is shown by Winton Partners' track record of developing and delivering residential lots to the market. Our track record clearly demonstrates that we are a residential developer and not a land banker. Winton Partners is a residential developer of scale with 20 projects currently under development throughout New Zealand and Australia with a total yield of circa 6,500 residential lots. In New Zealand, over the next 12 months Winton Partners will develop, title and settle more than 750 residential lots, with a further 2,000 residential lots to be developed, titled and settled within the following two years.

### **Winton Partners Residential Development Track Record**

Detailed below are three sample projects that Winton Partners are currently developing throughout New Zealand.

#### **Bridesdale Farm, Lake Hayes Estate, Queenstown**

Bridesdale Farm was classified as Queenstown's first "Special Housing Area" under the Queenstown-Lakes District Housing Accord and the Housing Accords and Special Housing Areas Act 2013 ("HASHA").

Winton Partners maintained an extremely tight development programme for Bridesdale Farm in accordance with and to promote the spirit and intent of the HASHA legislation. Civils works commenced on site immediately upon receipt of the resource consent.

Titles to the 137 residential lots will be issued in February 2017, only 10 months after the resource consent for the development was received. Settlement of all residential lots will occur in March 2017, which will help to alleviate the current housing supply issue that the Queenstown Lakes District is experiencing.

#### **Northlake, Wanaka**

Northlake is a 108 hectare site located on Aubrey Road, Wanaka. Upon completion, Northlake will consist of circa 800 residential dwellings and a retail and commercial hub.

The site was rezoned to residential, via a private plan change, in December 2015. In the 12 months since the project was released to the market, over 200 residential lots have been sold. Civil works are underway on the first eight stages of the development, with these 200 residential lots to be titled and settled in early to mid 2017.

It is Winton Partners' intention to develop all of the 800 residential lots at Northlake. This commitment has been demonstrated by the continual release to the market of additional stages within the development, throughout the year.

#### **Marlborough Precinct, Hobsonville Point, Auckland**

Winton Partners contracted a prime 4.5 hectare block of waterfront land within Hobsonville Point in June 2016, after being endorsed and ratified by the Hobsonville Land Company board ("HLC"). HLC represents the Crown, who are the vendors of the land which comprises Hobsonville Point.

The landholding purchased by Winton Partners is known as Marlborough Precinct and upon completion will deliver circa 340 dwellings to the Auckland market. These dwellings will be contained within six new apartment buildings, thirteen detached houses, a conversion of a historic seaplane hangar and the refurbishment of four existing historic former Air Force officer houses fronting the waterfront.

Winton Partners will submit the resource consent application for the entire subdivision this year, with resource consents being lodged for the built product progressively throughout 2017.

Civil works required to create the individual housing and apartment lots will commence upon receipt of the resource consent and will be completed in full by mid 2018, with the first of the built product to be delivered in early 2019.



### **Lakeside, Te Kauwhata Master Planned Residential Community**

Winton Partners most recent acquisition is a 179 hectare parcel of land located at 65 and 94 Scott Road, Te Kauwhata (the "Property"). The Property is located on the southern boundary of the existing community of Te Kauwhata.

Following a private plan change to rezone the Property to residential, the opportunity will exist to develop the Property into a medium density master planned community of approximately 1,300 residential lots and community hub to be known as "Lakeside". Lakeside will be aimed at the "first home buyer" market and those individuals who have been forced out of the Auckland market by increasing house prices. An overview of the Lakeside development is attached to this letter for your reference.

As mentioned above, the Infrastructure Upgrades are required to allow Lakeside to connect to the town's existing infrastructure. It is Winton Partners' intention to complete the Infrastructure Upgrades in parallel with the on-site civil works, to ensure that titles to the completed residential lots are delivered to the market as soon as practically possible.

The Infrastructure Upgrades required are twofold. The proposed wastewater solution is to install a self-contained wastewater package plant, or membrane bioreactor (MBR), to process all the wastewater created within Te Kauwhata (including the wastewater that is currently generated by the township and that which will be generated by Lakeside). The installation of this new MBR plant will allow the existing wastewater treatment ponds to be decommissioned and removed. The elimination of the existing wastewater ponds will see the elimination of the pollutant discharge that is currently occurring into Lake Waikare.

The upgrades to the Te Kauwhata water infrastructure will increase the capacity of the township's water supply. The upgrade will include the construction of a new reservoir, implementation of additional pump stations and treatment plant and the upgrade of the existing reticulation system.

Another benefit of this Property is its close proximity to the main trunk rail line which runs along the western boarder of Te Kauwhata. This reinforces the suitability of Te Kauwhata as a potential stop in the event a commuter rail link between Auckland and Hamilton commenced.

Winton Partners is committed to delivering completed residential lots at Lakeside as soon as possible and would welcome the opportunity to meet with you to discuss the Lakeside development in greater detail.

Yours sincerely



Chris Meehan  
**Winton Partners**

Encls.

CC: Honourable Dr Nick Smith  
Minister for Building and Housing (by mail)

CC: Honourable Simon Bridges  
Minister of Transport (by mail)

**Attachment 2 – Winton Partners Letters to the Ministry of Business, Innovation and Employment  
dated 23 March 2017**

# WINTON PARTNERS

LEVEL 2, 33 SHORTLAND STREET AUCKLAND 1010  
telephone +64 9 3777 003 facsimile +64 9 3777 011

23 March 2017

Mr Ashley Angus  
Procurement Officer  
MBIE NZ Government & Property  
PO Box 1473  
WELLINGTON 6140

By email: HIF@mbie.govt.nz

Dear Ashley

## **APPLICATION FOR FUNDING FROM THE HOUSING INFRASTRUCTURE FUND CALL FOR FINAL PROPOSALS: LAKESIDE DEVELOPMENT STATUS UPDATE**

Tony Whittaker, the General Manager Strategy and Support, at the Waikato District Council ("WDC"), has requested Winton Partners provide a letter detailing the current status of the Lakeside development, and to provide comment against the assessment criteria included within the "*Housing Infrastructure Fund Call for Final Proposals*", to accompany the next stage of WDC's application to the Ministry of Business, Innovation & Employment, for funding from the Housing Infrastructure Fund.

As you are aware, funding received by WDC from the Housing Infrastructure Fund will fund the required improvements and upgrades to the wastewater and water infrastructure in Te Kauwhata, which are required to improve the existing infrastructure and to increase its capacity, which in turn allows the Lakeside development to connect to the town's infrastructure.

### **Lakeside Development Update**

Since Winton Partners' initial letter to the Ministry of Business, Innovation & Employment on the 30 November 2016, the following milestones have been completed, which demonstrates not only our commitment to the accelerate development at Lakeside, but also the lengths we have undertaken to ensure a comprehensive Private Plan Change application is submitted.

- Winton Partners confirmed the acquisition of the property on which Lakeside is to be developed and made a substantial payment to the landowner.
- Winton Partners has presented to the following parties, outlining the Lakeside development proposal and our proposed wastewater treatment solution and water infrastructure upgrade for Te Kauwhata:
  - the Nga Muka Development Trust;
  - the Waikato District Council;
  - the Waikato Regional Council; and
  - the Te Kauwhata Community Committee.
- Winton Partners has entered into a binding arrangement with the neighbour to the immediate north of the Lakeside development to join the Private Plan Change submission.
- Winton Partners held a Community Open Day at the Te Kauwhata Rugby Club, which was attended by over 200 people. The purpose of this event was to provide the local community with information on the proposed Lakeside development.
- The Nga Muka Development Trust has agreed to provide a letter of support to accompany Winton Partners' Private Plan Change submission.

- The Tainui River Trust has provided a letter of support to the proposed Pedestrian Trail Network, which will be developed along the banks of Lake Waikare as part of the Lakeside development.
- A resource consent application which is required to allow for completion of earthworks, for the building platform on which the Lakeside Sales Precinct, will be constructed has been submitted to WDC for approval. It is Winton Partners' intention to complete these earthworks within the next 60 days.
- Mena Water have been commissioned to complete a detailed design for the new Te Kauwhata wastewater treatment plant, which will cater for all existing dwellings within the township and the future dwellings to be constructed at Lakeside.
- John Duthie of Tattico has been commissioned to prepare a resource consent application for the discharge consent required for the new Te Kauwhata wastewater treatment plant.

#### **Housing Infrastructure Fund Call for Final - Assessment Criteria**

The milestones outlined above in the Lakeside Development Update section clearly demonstrates Winton Partners' commitment to accelerate development at Lakeside and, as such, compliance with Section 5B of the *"Housing Infrastructure Fund Call for Final Proposals"* which requests evidence of *"the degree and nature of developer commitment or interest in accelerating development of the area in which the infrastructure will serve"*.

The purpose of Winton Partners' initial letter to the Ministry of Business, Innovation & Employment dated 30 November 2016, not only outlined the proposed Lakeside residential development and our commitment to accelerate development to allow the delivery of completed residential lots to the market in a timely manner, but also provided details of Winton Partners' extensive residential development track record. For completeness, a copy of the initial letter is annexed to this letter.

Section 5B also requests that developers provide evidence of *"the expected timing within which dwellings will be built in the area to be served by infrastructure built with HIF assistance"* which now follows accordingly.

The main impediment to the proposed residential development at Lakeside is the requirement to rezone the property to residential, to allow the proposed development to occur. The Private Plan Change Application requesting this zoning change will be submitted to the Waikato District Council by 31 March 2017. Winton Partners is confident of receiving a positive Private Plan Change decision by November 2017.

Following the successful Private Plan Change decision, Winton Partners will immediately lodge a resource consent application for the first 300 residential lots at Lakeside and will commence a sales and marketing campaign over the 2017/18 summer months (as noted above, the process to construct a sales precinct on the property containing three show homes, a sales office and children's playground has commenced).

Upon receiving the resource consent in early 2018, earthworks for the first 300 residential lots will follow which will allow the required earthworks to be completed within the 2017/2018 earth working season (which runs until the end of May each year).

This timeframe will see individual titles issued and settlements occur for the first 300 residential lots by the end of 2018. Construction of dwellings within Lakeside will commence in early 2019. The period of time to construct a standard dwelling is approximately three to four months, meaning that residents could be living in their new family homes at Lakeside by the middle of 2019.

Winton Partners proposes to develop between 150 to 250 residential lots in each subsequent stage at Lakeside. The final number of lots within each future stage will be dependent upon the number of pre-sales achieved, which in turn will be determined by the prevailing economic conditions at the time. The timeframe for developing each of the future stages at Lakeside will be approximately 12 months.

The timeline outlined above for Lakeside mirrors that which was achieved by Winton Partners in the development of Bridesdale Farm, which is located within Lake Hayes Estate, Queenstown.

Bridesdale Farm was classified as Queenstown's first "Special Housing Area" under the Queenstown-Lakes District Housing Accord and the Housing Accords and Special Housing Areas Act 2013 ("HASHA"). Winton Partners maintained an extremely tight development programme for Bridesdale Farm, in accordance with (and to promote the spirit and intent of) the HASHA legislation. Civils works commenced on site immediately upon receipt of the resource consent. Titles to the 137 residential lots will be issued in March 2017, only 10 months after the resource consent for the development was received.

### **Market Demand for the Lakeside Development**

As part of our Private Plan Change Application, Winton Partners commissioned Property Economics to prepare a Te Kauwhata Residential Market Assessment. Detailed below are several key findings (as detailed within the Executive Summary on page 1) of this assessment which provide evidence of the likely market acceptance of the Lakeside development, and its ultimate success.

- Net population growth within Te Kauwhata over the last 15 years, has equated to around 39% above that of the wider Auckland Regional average of 31%.
- Like Pokeno, Te Kauwhata has the opportunity to tap into the escalation 'overflow' demand for Auckland urban fringe locations with more affordability due to many buyers being 'priced out' of the Auckland market.
- Within the 'Golden Triangle' (i.e. Auckland Region, Hamilton City and Tauranga City), net additional households over the next 17 years, is forecast to equate to demand for around 211,000 new dwellings or, an average of 12,400 new homes per annum. To put this into context, Residential and Country Living zoned land in Te Kauwhata 'at capacity' will accommodate less than 1,300 dwellings. Relative to the net growth over the same period the existing supply equates to less than 0.6% of the forecast requirement within the Golden Triangle (it should be noted that the figure of 1,300 dwellings is comparable to the number of residential lots which are to be developed at Lakeside).
- There is significant opportunity to elevate the growth potential of Te Kauwhata and generate transformational change for the town given its strategic location in the centre of the 'Golden Triangle' and its proximity to Auckland.
- Net migration growth into New Zealand is placing increased pressure on residential supply, particularly in Auckland. The 2015 year saw a new 'high' reached of around 65,000 net migration increase, driven by fewer 'departures' and increased 'arrivals'. This is placing increasing pressure on residential supply in Auckland, with 'new builds' struggling to keep up with the escalating housing requirements of the market.

Annexed to this letter is a full copy of the Te Kauwhata Residential Market Assessment completed by Property Economics.

The above provides details of the current status of the Lakeside development, the timeframes that we are endeavouring to achieve to bring completed residential lots to market, details of the Te Kauwhata

Residential Market Assessment completed by Property Economics and Winton Partners' commitment to accelerating the development.

This commitment to accelerating development at Lakeside cannot be demonstrated any more succinctly, than by the fact the Private Plan Change Application will be submitted by 31 March 2017 - only 6 months after it contracted to purchase the property.

We would welcome the opportunity to meet with you to discuss the Lakeside development in greater detail.

Yours sincerely

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke at the end.

Chris Meehan  
**Winton Partners**

Encls.

cc: Honourable Dr Nick Smith  
Minister for Building and Construction (by mail)

cc: Honourable Simon Bridges  
Minister for Transport (by mail)