

QLDC Council
16 September 2021

Report for Agenda Item | Rīpoata moto e Rāraki take 13

Department: Corporate Services

Title | Taitara Submission – Ministry of Housing and Urban Development Government Policy Statement

PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO

- 1 The purpose of this report is to present the submission made to the Ministry of Housing and Urban Development (HUD), in respect to its Government Policy Statement.
- 2 This report seeks Council's retrospective approval of the submission's content. The submission was made to the Ministry of Housing and Urban Development on 28 July 2021.

RECOMMENDATION | NGĀ TŪTOHUNGA

That Council:

1. **Note** the contents of this report; and
2. **Approve** retrospectively the contents of the submission (Attachment A).

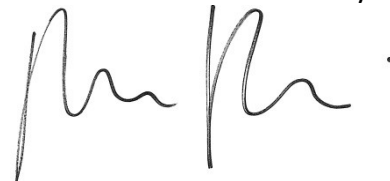
Prepared by:



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2/09/2021

Reviewed and Authorised by:



Meaghan Miller
General Manager, Corporate
Services

3/09/2021

CONTEXT | HOROPAKI

- 3 The Ministry for Housing and Urban Development consulted on its Government Policy Statement recently, with submissions closing on 28 July.
- 4 The strategy took the approach to:
 - Be guided by a vision that everyone in New Zealand lives in a healthy, secure, and affordable home that meets their needs, within a thriving, inclusive, and sustainable community.
 - This vision holds four outcomes: thriving communities, wellbeing through housing, partnering for Māori housing and urban solutions, and responsive system.
 - The four outcomes would be achieved through six focus areas: provide homes that meet people's needs, ensure that more affordable houses are being built, support resilient, sustainable, inclusive and prosperous communities, invest in Māori-driven housing and urban solutions, prevent and reduce homelessness, re-establish housing's primary role as a home rather than a financial asset.
 - To do this, the system would look at four 'ways of working': Te Maihi o te Whare Māori, place-based approaches, genuine and enduring partnerships, sustainable and reliable funding.

ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

- 5 QLDC faces a number of significant challenges in relation to housing, which are exacerbated by growth pressures, high visitor numbers, funding shortfalls and mountainous landscapes.
- 6 QLDC has a unique position and perspective on the barriers and complexities to building affordable, efficient, resilient and emissions-reducing housing.
- 7 QLDC broadly agrees with the strategic framework proposed but notes that housing affordability will not be resolved through the increase of housing supply alone.
- 8 Collaboration between different parts of the housing system will be essential to successfully create an increase in affordable housing being built.
- 9 The submission outlines several recommendations for the Ministry of Housing and Urban Development's consideration.
- 10 Councillors have had opportunity to view and comment on the attached submission prior to its inclusion in the process but did not have the opportunity to formally approve the submission at a council meeting in advance of the submission deadline.
- 11 Option 1: to retrospectively agree the contents of the attached submission.

Advantages:

- 12 The submission will remain in the Ministry of Housing and Urban Development's process and QLDC will have participated effectively.

Disadvantages:

- 13 There are no clear disadvantages to this option.

- 14 **Option 2:** to request the withdrawal of the attached submission from Ministry of Housing and Urban Development's process.

Advantages:

- 15 The submission will be withdrawn from Ministry of Housing and Urban Development's process and any inaccurate representations of QLDC's position will not be considered.

Disadvantages:

- 16 No aspect of QLDC's position will be represented in the process.

- 17 This report recommends **Option 1** for addressing the matter (if representative of the council's position) to ensure that QLDC participates effectively in the consultation process.

CONSULTATION PROCESS | HĀTEPE MATAPAKI:

> SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

- 18 This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy. As this advice deals with a matter of interest to a range of individuals, organisations, groups and sectors in the community.
- 19 The persons who are affected by or interested in this matter are all residents and ratepayers of the Queenstown Lakes District communities.

> MĀORI CONSULTATION | IWI RŪNANGA

- 20 No specific or distinct consultation has been undertaken with iwi in preparing this submission.

21 RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

- 22 This matter relates to the Strategic/Political/Reputation. It is associated with RISK00038 within the QLDC Risk Register. This risk has been assessed as having a low inherent risk rating.
- 23 The approval of the recommended option will support the Council by allowing us to implement additional controls for this risk. This shall be achieved by monitoring future changes in legislation based on the advice to government, in particular addressing those issues that directly affect QLDC and the Queenstown Lakes District community.

FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

24 There are no financial implications.

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

25 The following Council policies, strategies and bylaws were considered:

- The outcomes and principles of the Vision Beyond 2050, in particular – Disaster-defying resilience and Zero carbon communities
- Spatial Plan
- 2021-2031 Ten Year Plan
- Master Plans
- Asset Management Plan
- 30 Year Infrastructure Strategy.
- Climate Action Plan

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

26 Section 10 of the Local Government Act 2002 states the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. The recommended option:

- Can be implemented through current funding under the Ten Year Plan and Infrastructure Strategy;
- Is consistent with the Council's plans and policies; and
- Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council.

ATTACHMENTS | NGĀ TĀPIRIHANGA

A	QLDC Submission to the Ministry of Housing and Urban Development’s Government Policy Statement
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28 July 2021

Via email: hud_gps@hud.govt.nz

Dear Sir / Madam,

SUBMISSION TO THE GOVERNMENT POLICY STATEMENT ON HOUSING AND URBAN DEVELOPMENT

Thank you for the opportunity to present this submission on the Government Policy Statement for Housing and Urban Development (GPS-HUD) New Zealand.

The Queenstown Lakes District faces a number of significant challenges in relation to housing, which are exacerbated by growth pressures, high visitor numbers, funding shortfalls and mountainous landscapes. The Queenstown Lakes District Council (QLDC) has a unique position and perspective on the barriers and complexities to building affordable, efficient, resilient and emissions-reducing housing.

QLDC broadly agrees with the strategic framework proposed but notes that housing affordability will not be resolved through the increase of housing supply alone. Collaboration between different parts of the housing system will be essential for success.

QLDC would like to be heard at any hearings that result from this consultation process. Please note that this submission reflects the position of officers and has not yet been ratified by Council.

Thank you again for the opportunity to comment.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Jim Boulton'.

Jim Boulton
Mayor

A handwritten signature in black ink, appearing to read 'Mike Theelen'.

Mike Theelen
Chief Executive

1.0 Background

- 1.1 The Queenstown Lakes District is a high growth area¹ and a high-profile tourist destination. The district includes both urban and rural areas, large and small population centres and townships that are geographically remote.
- 1.2 The demand profile and pressure upon the district's infrastructure is directly affected by the visitor numbers throughout the year and understanding peak numbers is critical in determining housing and accommodation requirements. Housing also needs to be functional and resilient within seismically active and mountainous terrain, whilst protecting the outstanding natural landscapes on which the district's reputation is predicated.
- 1.3 Ensuring the provision of equitable funding to enable housing development remains a challenge in a district where visitor numbers far exceed residents and ratepayers². QLDC also has a large number of ratepayers that are out of town resident ratepayers who drive much of its housing demand and cost. QLDC has a long-established position in advocating for a modest local visitor levy applied through the accommodation sector.
- 1.4 QLDC has undertaken various steps to tackle housing supply and affordability in the district, recognising the distinct and specific nature of the challenge. As such, QLDC is acknowledged to be a leading and innovative council within the sector. QLDC developed a progressive housing strategy in 2005 and has actively supported and encouraged the development of the Queenstown Lakes Housing Trust (QLCHT - a Community Housing Provider) and its range of affordable and social housing products. In 2018 a Mayoral Housing Affordability Taskforce was established³, which has helped develop the strategic direction of the council. Every opportunity to address housing supply via various mechanisms has been undertaken, with the district making extensive use of the Housing Accord and Special Housing Areas legislation 2013 and the Housing Infrastructure Fund.
- 1.5 This year QLDC has adopted a Spatial Plan that was developed in partnership with government and Kāi Tahu, which has a key outcome of consolidated growth and more housing choice⁴. The Spatial Plan also endorsed the need for a Homes Strategy⁵, which is currently being consulted on with the community. QLDC is at the forefront of inclusionary zoning, having enabled the provision of land to the QLCHT through the Special Housing Areas and now seeking to deliver it through a chapter of the District Plan⁶.
- 1.6 Since COVID-19, the district has entered a period of volatility, uncertainty, complexity and ambiguity. Border closures have significantly impacted the district's economy, workforce and wellbeing. The availability of a suitably skilled workforce for housing projects has presented challenges. However, QLDC's demand projections consider this to be a short-term issue which will not change long-term projections of growth.
- 1.7 In June 2019, the Council declared a climate and ecological emergency⁷ and has since established a Climate Action Plan, focusing on emissions reduction mitigation activities as well as adaptation considerations. QLDC urges MHUD to be bold and progressive in its understanding of the strategic importance of infrastructure to

¹ <https://www.qldc.govt.nz/community/population-and-demand>

² <https://www.qldc.govt.nz/community/population-and-demand>

³ <https://www.qldc.govt.nz/your-council/major-projects/mayoral-housing-affordability-taskforce>

⁴ <https://www.qldc.govt.nz/your-council/major-projects/queenstown-lakes-spatial-plan>

⁵ <https://www.qldc.govt.nz/media/zjrn0oq/4a-attachment-a-housing-needs-assessment-homes-strategy.pdf>

⁶ <https://www.qldc.govt.nz/media/ln5iquxe/5-inclusionary-zoning-options-non-statutory-consultation-covering-report.pdf>

⁷ <https://www.qldc.govt.nz/your-council/our-vision-mission/climate-action-plan>

emissions-reducing behaviour change as well as its role in reducing the embodied carbon and emissions in the construction and operation of housing and accommodation.

2.0 QLDC broadly agrees with the Strategic Framework proposed

- 2.1 QLDC agrees with the proposed vision to have everyone in New Zealand living in a healthy, secure and affordable home that meets their needs⁸, within a thriving, inclusive and sustainable community. QLDC also agrees with the desired outcomes, thriving communities, wellbeing through housing, partnership for Maori housing and urban solutions, and an adaptive and responsive system.
- 2.2 QLDC supports the development of place-based and local community solutions. This aligns with what the QLDC Spatial Plan⁹ seeks to achieve and is a key component in taking a regenerative approach.
- 2.3 QLDC agrees with the focus areas in the statement and believes they mostly cover the full spectrum of housing provision.
- 2.4 QLDC recommends that greater emphasis is placed on the need for housing development to be integrated with public transport. This will improve economic and social connectivity, whilst providing a significant opportunity for emissions reduction. However, it's essential that housing needs address the needs of the community. One size will not fit all, and different typologies and densities will need to be achieved for the right community in the right place.
- 2.5 Affordable housing should also be more clearly described, and this may change how the outcomes are worded. Currently it is couched within the supply response in wellbeing through housing, with the desire that all New Zealanders own or rent a home that is affordable, healthy, accessible, secure, and which meets needs and aspirations of the occupant. This definition may not be sufficiently specific.
- 2.6 QLDC agrees that the proposed ways of working outlined in the statement are sound; government, iwi and Maori working collaboratively, place-based approaches utilised, genuine and enduring partnerships in planning, investment, and decision-making built, and sustainable and reliable funding and financing is required. QLDC agrees that the provision of increased levels of affordable housing should be a priority.

3.0 QLDC recommends that housing affordability requires further attention and will not be resolved through increased supply alone.

- 3.1 QLDC recommends some additional actions that could be reviewed and added to the policy:
 - 3.1.1 QLDC recommends more emphasis be placed upon the need for intergenerational equity and its relationship to models offering housing affordability in perpetuity.
 - 3.1.2 Government needs to ensure that the planning system itself provides for affordable housing – e.g., inclusionary zoning and flexible spot-zoning for community-driven alternative housing solutions.

⁸ [Microsoft Word - Community Housing.doc \(qldc.govt.nz\)](#)

⁹ [GROW WELL | WHAIORA - Spatial Plan | Let's Talk Queenstown Lakes District Council \(qldc.govt.nz\)](#)

- 3.1.3 Greater supply (while very important) alone may not deliver housing affordability in the lifetime of this document. The actions need to be broadened beyond a supply focus if affordability is to be a key outcome of the statement.
 - 3.1.4 QLDC recommends that housing affordability is defined specifically and relative to area median incomes e.g., Housing Affordability Measure or similar. Actions should be orientated to achieve this definition and work undertaken to ensure that both the public and industry understand this definition.
 - 3.1.5 Before people are homeless, they are in stress – the way we measure and then respond to vulnerability needs to be more encompassing. Current metrics for measuring need in this sphere are set up to only capture the most extreme cases and are inconsistent from region to region. A joined-up approach across social service providers is needed to help understand trigger points that indicate progression toward homelessness. It is rarely simply due to a loss of income.
- 3.2 Many of the draft actions assume that higher levels of housing supply will correct the market. However, without additional ways to shape speculative practices, more housing will be built, but with the same affordability issue. QLDC recommends the following:
- 3.2.1 Tackle private covenants which restrict affordability –For example: Section 277A of the Property Act takes a step in this direction but it is not enforceable for third parties. Areas with high rates of speculation and property prices (AKL and QLD) also have high incidence of restrictive covenants.
 - 3.2.2 Provide methods for place-based ways to address property land bankers – zoned and serviced land which is undeveloped. We need to look for tools that require performance from zoned land including the ability to limit property rights for new development.
 - 3.2.3 Provide methods for place-based ways to address short-term visitor accommodation. The current challenge is that short-term visitor accommodation occupies and commercializes large quantities of residential housing supply, exacerbating residential affordability issues.
 - 3.2.4 Be more explicit about the barriers that challenge alternative tenure arrangements from a financial, planning and legal perspective. Identify ways these can be addressed. Many of the challenges alternative tenure arrangements face have structural similarities to Māori land development challenges around property law and its relationship with the expectations of financial institutions.
 - 3.2.5 Provide a path for inclusionary zoning as a place-based solution¹⁰.

¹⁰ [Proposed District Plan \(qldc.govt.nz\)](https://www.qldc.govt.nz/proposed-district-plan)

- 3.2.6 One supply side issue is the cost of building and the monopolistic approach within construction and construction materials. Greater competition in the market is required, however simply reducing cost will not provide assurance that these benefits will be passed to consumers.

4.0 Collaboration between different parts of the housing system will be essential to success.

4.1 QLDC believes that the cooperation of other agencies will play a critical role in delivery; some agencies that should be considered for collaboration are outlined below:

- 4.1.1 The outlined approach looks comprehensive; however, the role of Treasury will also be critical.
- 4.1.2 Ministry of Housing and Urban Development should continue to enhance and support place-based teams and work with Kāinga Ora to address how vulnerability and need is measured and communicated.
- 4.1.3 Ministry of Housing and Urban Development needs to work with the Ministry of Social Development to encourage them to regularly revisit and update the Accommodation Supplement boundaries within urban environments. Currently Queenstown's largest residential population centres are not eligible for higher levels of supplement because the boundaries have not been revisited since the developments were built. This creates significant inequity amongst parts of the community most in need.