BEFORE THE HEARINGS COMMISSIONERS
APPOINTED BY THE QUEENSTOWN LAKES DISTRICT COUNCIL

UNDER	the Resource Management Act 1991
IN THE MATTER	of submissions on a Variation to a Proposed District Plan under schedule 1 of the Act
BY	**WILLOWRIDGE DEVELOPMENTS LIMITED**
AND	**UNIVERSAL DEVELOPMENTS LIMITED**
AND	**METLIFECARE LIMITED**
	Submitters

STATEMENT OF EVIDENCE OF MICHELLE LOUISE VAN KAMPEN ON BEHALF OF METLIFECARE LIMITED (CORPORATE)

Dated: 21 December 2023

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Statement of evidence of Michelle Louise van Kampen

1. Introduction

1.1 My full name is Michelle Louise van Kampen. I am a Senior Development Manager at Metlifecare Limited (**Metlifecare**).

1.2 I have a Bachelor of Laws (Hons)/Bachelor of Commerce conjoint degree and a Master of Laws (First Class Honours) from the University of Auckland.

1.3 I spent the first 14 years of my career working as a resource management and natural resources lawyer at a large commercial law firm, working on a range of projects including large development projects. For the past 9 years I have worked in roles directly involved in property development.

1.4 I joined Metlifecare as a Senior Development Manager in January 2020. In my role, I am responsible for managing the feasibility assessment, development, and delivery of several large greenfield and brownfield developments. This includes overall responsibility for the future development of a property at the Three Parks Development as a future retirement village.

1.5 I am providing this brief of evidence on behalf of Metlifecare. Metlifecare lodged a submission in opposition to the proposed Inclusionary Housing Variation to the Queenstown Lakes Proposed District Plan (the **Variation**).

1.6 Metlifecare supports the provision of the strategic objectives and policies in the Proposed District Plan which seek to encourage affordable housing. It opposes the proposed power of Council to require, as a financial contribution, the transfer of land or money for development and subdivision that involves a residential component. While the Variation is intended to improve housing affordability, it is likely to disincentivise development and in turn worsen the existing housing affordability issues in the District.

2. Scope of Evidence

2.1 I will be providing corporate evidence in relation to the Variation.

2.2 My evidence will cover the following matters:

(a) An overview of Metlifecare;

(b) The contribution of retirement villages to housing supply and the community more generally; and

(c) The practical impact of the proposed Plan Change on Metlifecare and other retirement village operators within the District.

3. Metlifecare – an Overview

3.1 Metlifecare was established in 1984 and is a leading owner and operator of retirement villages in New Zealand. Metlifecare owns and operates a portfolio of 37 retirement villages across New Zealand, providing rewarding lifestyles and outstanding care to more than 7,000 New Zealanders.

3.2 Metlifecare has eleven active developments or redevelopments, and a further 14 villages currently in the planning and resource consenting phase. These projects are in locations across New Zealand including Wānaka, Christchurch, Havelock North, Mt Manganui, Whangarei, and Auckland.

3.3 Metlifecare entered into a contract to purchase a 5.42-hectare parcel of land within the Three Parks development in December 2021. Resource consent was recently granted for a new village comprising 93 villas, a 30-bed care home as well as shared common facilities. The Variation has a material impact on the proposed Wanaka project, and on retirement village operators within the District more generally.

4. The Contribution of Retirement Villages

4.1 Retirement villages play a crucial role in the general housing market and society more generally. They provide appropriate accommodation options, including residential care, for our aging population – a vulnerable demographic within our communities.

4.2 Retirement villages provide a range of housing typologies, sizes, and prices – from high-end apartments and villas to more affordable housing options. The development of retirement villages within existing communities allows residents to remain in their established communities, while usually downsizing to a more manageable property (in terms of size, accessibility, and maintenance requirements). A move to a retirement village in turn frees up existing housing stock back into the market.

4.3 Retirement villages also assist in releasing pressure on community health and social services by providing a range of levels of support within the accommodation options - from independent living through to rest-home, hospital, or secure dementia care.

4.4 Retirement villages are part of the solution to the housing supply and affordability issues experienced in the District. They are often considered to be medium to high density, free up existing housing stock and provide a range of appropriate housing and care options for older-New Zealanders. The Variation as proposed by the Council however disincentivises the very type of development that will assist the Council in addressing the issues experienced in the District and is likely to exacerbate the affordability issues – particularly for older residents within the District.

4.5 There is a real need to provide appropriate accommodation options for our aging population. Statistics New Zealand forecasts that by 2035 New Zealand will be home to around 1.2 million people aged 65 and over, or around a fifth of the total population.[1] In turn, Statistics New Zealand estimates that over the next 25 years to 2048, the 70+ population within the District will almost triple from 3,770 in 2023 to 10,870 in 2048.[2]

4.6 As noted in the Retirement Villages Association submission[3], there is significant demand for retirement living and aged care in New Zealand with demand already outstripping the supply of appropriate accommodation and care options for the growing ageing population. It is

1 *Statistics New Zealand, National population projections, by age and sex, 2022(base)-2073: NZ.Stat (stats.govt.nz), accessed 11 December 2023.*

2 Statistics New Zealand, Subnational population projections: NZ.Stat (stats.govt.nz). Viewed 11 December 2023.

3 Submission 105, Retirement Villages Association, paragraph 16.

important that unnecessary hurdles are not imposed to hinder the increase in retirement living and aged care housing within the District.

4.7 The Variation excludes manged care units within a retirement village or rest home (as defined by the Retirement Villages Act 2003 and Health and Disability Act 2001 respectively). No explanation is given in either the Section 32 or Section 42A reports as to why managed care is excluded from the Variation but the other forms of accommodation within retirement villages are not. The only attempted explanation in the Section 42A Report is to say that independent living units are essentially a form of residential development.[4] Retirement villages are different to typical residential development in a number of elements. Development of retirement villages are part of the solution and not the problem, and as I discuss below Metlifecare's position is that all accommodation options within a retirement village should be exempt from the effect of the Variation.

4.8 As explained in the next section of my evidence, the Variation will only exacerbate the already critical shortage of appropriate accommodation and care options for the significant aging population within the District, worsening the housing supply and affordability issues already experienced.

5. The Practical Effect of the Variation

5.1 The decision whether to deliver a retirement village within a particular area is dependent on a range of factors, including general property market conditions, the costs of construction (including building materials and labour costs), the likelihood of consenting of a project within the regulatory framework for a district and region, and the overall feasibility of the project, taking into account all costs including land, designing, consenting construction and other costs including funding costs, development and financial contributions. This is a similar assessment to most development projects.

5.2 However, retirement village operators are different to other housing developers in a number of important respects. Retirement village

4 Section 42A report, at paragraph 8.22.

operators have a long-term interest in villages and residents. Buildings are not sold once completed,[5] with long term and general property maintenance (eg. garden maintenance, rubbish disposal etc) managed by the retirement village operator. Further, most villages include significant shared amenity facilities and community spaces for residents, and often a care home – the cost of which is to be covered by the development. To put this into context, the cost to develop shared amenities/community spaces and a care home would regularly exceed $25m. Not surprisingly, the margin in developing retirement villages is minimal at best.

5.3 The challenges in delivering retirement villages is demonstrated by the recent market half-year announcement for fellow retirement operator Ryman Healthcare.[6] Ryman Healthcare noted that in light of the current challenging market conditions it is presently in a development reset phase and reprioritising development. Three developments have been put on hold and two sites are being sold as no longer meeting Ryman's investment criteria.[7] Additional costs in the form of financial contributions would only further challenge the feasibility of a project – requiring either the increase in pricing or the abandonment of a project as unviable.

5.4 The Section 42A report and evidence circulated for the Queenstown Lakes District Council asserts that the cost of Variation will be minimal and appropriately funded by "*a small proportion of the planning windfall gains*"[8], ranging between $11,594 to $13,405 per unit (based on two brownfield case studies in Queenstown), or $15,600 per lot for subdivision in Queenstown based on a 2021 analysis.[9] There is an assumption that there are "planning windfall gains" and the cost will fall on the land seller rather than the developer or end buyer of the finished development product.[10]

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5 Properties are subject to Occupational Right Agreements consistent with the provisions of the Retirement Villages Act 2003. An Occupational Right Agreement enable a resident to occupy their chosen property within a retirement village.

6 [Ryman reports a steady result for six months to 30 September 2023 (rymanhealthcare.co.nz)]

7 Ibid.

8 Evidence of Shamubeel Eaquib, at paragraph 5.10.

9 Section 42A report, at paragraph 3.18.

10 Section 42A report, at paragraph 4.22.

5.5 However, in reality the effect of the Variation is likely to be much more significant with a material impact on development.

5.6 If the financial contribution is charged at the time of subdivision in accordance with Rule 40.6.1(1), then the cost of the financial contribution will very likely be incorporated into the sale price for the land. This cost then forms part of the development cost of a project and will influence the feasibility of the project.

5.7 If the financial contribution is charged in accordance with Rule 40.6.1(2) then again, the financial contribution forms part of the development project feasibility and is likely to be a significant cost for a project.

5.8 For example, utilising as an example, Metlifecare's proposed retirement village development of 93 independent living units, with a floor space of between ~90m^2 and ~120m^2 (excluding garage), will require a financial contribution of between approximately $1.6m and $3.3m – depending on the method of calculation adopted. Sales prices used in this assessment are hypothetical based on equivalent sales pricing of other retirement villages within Wanaka.[11] Applying the median house price of $1,096,521 within the District,[12] this could equate to a financial contribution of $21,930 per unit or $2.04m. Even using the lesser of the above values, this is a not insubstantial additional cost for a retirement village development project to cover, particularly with the slim margins within which the development of retirement villages operate.

5.9 The reality is that the additional cost imposed by a financial contribution, either at subdivision or on land development, will be imposed on developers and will need to be covered either by increasing sales prices or, if the market cannot support the additional increased sales price, then the development will be abandoned.

5.10 Retirement village operators and residential developers will not undertake investment in the District if it is more affordable to undertake it elsewhere in surrounding regions or in the country. The cost of development is an

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11 Aspiring Lifestyle Village recent sales prices are around $1.1m for a 2-bedroom villa, and Winton has sales prices starting from $1.45m at its Northbrook Wanaka village.

12 Evidence of Shamubeel Eaqub at paragraph 4.10, quoting the Real Estate Institute of New Zealand figures to September 2023.

important consideration when assessing whether to purchase land and develop within certain areas, and the Variation poses a deterrent to development in the District.

5.11 A reduction in housing development will only worsen the supply and demand issue in the District, including for appropriate housing and care options for older residents. It will further impact housing affordability for an even greater percentage of the community as costs will be passed on. The Variation is likely to result in a worse outcome for the community than the issue the Council seeks to address.

6. Conclusion

6.1 In conclusion, the Variation is very likely to have the opposite effect to what it seeks to achieve. Adding substantial additional costs to development (either at the subdivision or development stages) will disincentivise development within the District, particularly where there is no equivalent costs imposed in other areas of New Zealand. Reducing the level of supply of housing in the District does not aid Council's goals in addressing housing affordability.

6.2 Further, where development does proceed, the additional costs of development through the financial contribution will be passed on to the end-purchaser – further increasing sales prices within the District and adding to the unaffordability of housing. While some affordable housing may be constructed through the application of the financial contributions, the overall affordability within the District will worsen and impact a greater number of the community.

6.3 This is particularly the case for retirement villages that address the increasing demand for appropriate housing and care options for older New Zealanders. Retirement villages are categorically different to other residential developers and the impact of the financial contribution on already slim development margins will either increase costs passed on to purchasers through increased sales values, or disincentivise development within the District.

6.4 I respectfully request that the Independent Hearing Commissioners decline the Variation, or at a minimum, exclude all accommodation and care typologies within retirement villages from the Variation.

Michelle van Kampen
21 December 2023