

**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 LANE ANDREW CLAYTON HOCKING

Dated: 21 December 2023

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Statement of evidence of Lane Andrew Clayton Hocking

Introduction

- [1] My name is Lane Andrew Clayton Hocking.
- [2] I am a director of Universal Developments Limited (**Universal**), a land development company. I have been developing property in the Queenstown Lakes District (**the District**) since 2006.

Scope of evidence

- [3] I give this evidence in respect of the Willowridge Developments Limited (**Willowridge**), Universal Development Limited (**Universal**) and Metlifecare Limited submissions on the proposed Inclusionary Housing Variation by the Queenstown Lakes District Council (**QLDC**).

Development background

- [4] Universal has developed property in Cardrona, Queenstown, Wanaka, Lake Hawea, and Dunedin.
- [5] Universal owns zoned land in the QLDC area with remaining capacity for 2,500 low / medium density residential sections and 2,200 high density residential units.

Barriers to development – why zoning does not equal supply

- [5] Simply having zoned land is very different to having a supply of titled sections on the market. There is a generally lengthy, complex and expensive process involved in creating titled sections for zoned land in the District. This principle can be demonstrated very clearly in two examples. One dealing with a smaller developer and the potential of their land for urban in-fill subdivision and another dealing with a larger developer wanting to construct and sell a tranche of sections.

Example 1 – Infill housing by family

- [6] Example 1: A family-owned 4,000m² site with zoning which allows for subdivision. While it may be zoned low density residential for example

and therefore has the potential to be subdivided into several sections, for some reason this hasn't occurred. I label this 'development inertia'.

- [7] Reasons for this development inertia can be one or all of the following:
- (a) Mum and Dad are happy living in the family home in its historic state.
 - (b) The intricacies of the RMA and QLDC planning rules mean there's no understanding on how to approach development.
 - (c) The significant costs and technical knowledge required overwhelm the owners leading to the status quo prevailing.

[8] This scenario plays out in the District every day. Development inertia means zoning does not equal supply, and the acute affordability problem in the District clearly supports this premise.

[9] The Mayoral Housing Affordability Taskforce Report 2017 (Taskforce Report) acknowledges this point at page 19:

While there appears to be sufficient zoned land, actual supply of sections is limited by a range of factors including land banking by current landowners and the time it takes to get land to the market.

[10] The Taskforce Report references the need for a solution to the supply issue, at page 19:

More will need to be done to make land available to go towards affordable housing if we are going to achieve the Taskforce's goal of delivering the 1,000 affordable homes over the next 10 years.

[11] Helping to reduce this inertia should be a significant focus for the QLDC. Ensuring that QLDC had an initiative around educating, helping, and empowering in-fill developers would be a step towards ensuring more supply of sections. The Dunedin City Council has a Principal Policy Advisor for Housing with an interest in educating suburban land-owners on subdividing or developing land in an effort to help with supply. There has been extensive infill development occurring in inner city Dunedin as a result of the DCC's enabling approach.

- [12] Instead of helping to reduce the inertia, the Inclusionary Zoning tax will add another layer of consideration and cost for the in-fill developer creating even greater inertia. Potential developers will become passive landholders. This will lead to fewer sections being produced. For the fewer sections that do still make it to market the pricing will be higher.

Example 2 – Tranches of sections by developer

- [13] Example 2: Larger developer with zoning wanting to develop and sell a tranche of sections.
- [14] For the larger developers it is the infrastructure issues and council processes which limit the supply of sections.
- [15] Two Universal examples illustrate this well.
- [16] Universal has 9 Ha of High Density Residential zoning and Business Mixed Use zoning at Quail Rise South on the Frankton-Ladies Mile Highway. Universal and its neighbours agreed in principle with the QLDC that a link road servicing three adjacent sites would be constructed. Universal helped QLDC lobby the Government for funding for the explicit purpose of facilitating housing. The funding was secured (\$11m as part of the Housing Infrastructure Fund.¹ Construction of the road was essential in order to facilitate the development of the three sites, total 17 Ha. There was a period from 2018 to 2022 where the landowners were supportive of the road being constructed. This initiative was passed between two contractors (one of them twice) and a QLDC employee at varying times. One landowner has now lost interest and the whole development has therefore been shelved as the lack of roading infrastructure limits the development of the entire site.
- [17] Another example is Universal's Longview development at Lake Hawea. The upgraded Lake Hawea wastewater plant was supposed to be commissioned and live in Q4 2022. It is currently still not able to take any of Longview's wastewater. The QLDC is unable to even give an estimate of when the system will be working well enough to take some Longview's

¹ <https://www.stuff.co.nz/business/105798035/govt-kicks-in-funding-boost-for-new-development-near-queenstown>

wastewater. As a result, Universal has stopped selling future sections at Longview.

- [18] Since March 2021 Universal has sold 355 sections at Longview. That has contributed markedly to the supply of sections across the district. The fact we are now not selling future stages is a perfect illustration of the importance of infrastructure.
- [19] An Inclusionary Zoning tax does nothing to solve two of the fundamental causes of the District's section supply issue - namely development inertia and large-scale infrastructure constraints.
- [20] Having funding in the Long-Term Plan is only part of the solution. There needs to be the ability to execute.
- [21] QLDC should be looking at this with absolute priority. A tax on development is not only misguided, it ignores where the real focus should be. If QLDC gets infrastructure sorted there will be a marked increase in the ability of developers to get sections to market. That would be a much more productive and effective focus for QLDC than this planning process.

Developers and capital allocation

- [22] When faced with the Inclusionary Zoning tax a developer has three choices – pass the cost on, absorb the cost, or stop developing
- [23] Property development is a competitive industry. Developers don't have the ability to absorb this tax.
- [24] 'Choosing' to develop in the District is very different to 'needing' to develop in the District. When faced with increased costs all businesses evaluate how to respond. The majority of the larger developers in the District are well capitalised and have broad development platforms. Many also have varying alternative business-lines.
- [25] Universal's planned response encapsulates the principles covered in this evidence. Universal will simply increase the price of sections. If the

resulting price weakens demand Universal will reallocate capital to development outside the District.

- [26] Simply put the IZ proposal is a tax. It will inevitably lead developers to make decisions around costs and ultimately capital allocation. From a housing perspective that means increasing one's prices or allocate capital to other regions or even other business lines. Whichever the approach it will result in fewer sections and higher prices.

Conclusion

- [27] The Inclusionary Zoning proposal will decrease supply and increase prices.
- [28] Inclusionary Zoning ignores the real solutions which are to address development inertia and infrastructure inadequacies.
- [29] QLDC, ratepayers, and homebuyers would all be better served by QLDC increasing the focus on infrastructure and the consenting / engineering processes. Enabling and encouraging supply is the solution, not simply imposing a tax on those that want to develop land.
- [30] In a district with such acute affordability issues an effective council should enable and encourage development, not tax it.

Lane Hocking

21 December 2023