

**BEFORE THE HEARINGS PANEL
IN QUEENSTOWN**

IN THE MATTER of the Resource
Management Act 1991

AND

IN THE MATTER of the Inclusionary Housing
Variation to the
Queenstown Lakes
Proposed District Plan

**REPLY OF DAVID MEAD
ON BEHALF OF QUEENSTOWN LAKES DISTRICT COUNCIL**

INCLUSIONARY HOUSING VARIATION TO THE PROPOSED DISTRICT PLAN

28 March 2024

1. PROFESSIONAL DETAILS

1.1 My name is David Mead. I prepared the section 42A report and rebuttal for the Inclusionary Housing Variation (the Variation). My qualifications and experience are set out in the section 42A report dated 14 November 2023.

1.2 I appeared at the hearing on Tuesday 27 February 2024 and attended on Wednesday 28 February 2024 and Thursday 29 February 2024 and have otherwise listened to relevant sections of the audio recording or have been provided with reports of what took place at the hearing each day.

1.3 This reply evidence covers the following issues:

- (a) Link between strategic and district wide objectives and policies
- (b) Delayed start of legal effect
- (c) Delivery of affordable housing
- (d) Hāwea Wānaka / Sticky Forest
- (e) Detailed issues.

1.4 Recommended, revised provisions are attached at **Appendix 1** (using green text with yellow highlight to mark recommended changes to the notified text as amended through primary and rebuttal evidence). The identified amendments are mostly for the purpose of clarification and to aid implementation. As such I do not consider they need to be subjected to a 32AA analysis. The amendments should assist with the efficiency and effectiveness of the provisions.

2. Link between strategic and district wide objectives and policies

2.1 Strategic objectives and policies aim for affordable housing to be incorporated into new and redeveloped residential areas. This implies a spread of affordable housing across different areas. I note that the

strategic objectives were largely supported by the planning witnesses who appeared for submitters.

- 2.2** The Chapter 40 objectives and policies seek to operationalise these strategic directions. Chapter 40 policies do not directly address spread (or concentration) of the affordable housing funded by the financial contributions.
- 2.3** Questions were raised by the Panel as to whether there is sufficient direction in Chapter 40 as to achieving a spread of affordable housing across residential areas as sought by the strategic objectives and whether the affordable housing funded by the financial contributions may be concentrated in certain areas. The Queenstown Lakes Community Housing Trust indicated that a mix of housing was best seen at a district wide level, rather than suburb-by-suburb.
- 2.4** In my opinion it is important from a planning perspective that there be a spread of affordable housing options. This relates to wider goals relating to well-functioning urban environments under the National Policy Statement – Urban Development, as well as part 2 of the RMA.
- 2.5** In my view the proposed strategic objective and policies provide an appropriate framework within which a spread of affordable housing can be enabled. In terms of implementing this direction, I note that Chapter 40's objective refers to affordable housing across different locations (emphasis added):

*Objective: Provision of affordable housing for low to moderate income households in a way and at a rate that assists with providing a range of house types and prices **in different locations** so as to support social and economic well-being and manage natural and physical resources, in an integrated way.*

- 2.6 The main method by which a spread of affordable housing is promoted is through the requirement that land be provided in subdivisions over 20 lots. It is not possible for the Variation to control where and how monetary contributions will be utilised to build affordable dwellings.
- 2.7 I acknowledge that there will be situations where it is advantageous for an alternative to a contribution of land within a subdivision be considered on its merits via a consenting pathway. It may be that in some circumstances subdividers will offer land outside of the proposed subdivision as a 'better' alternative. In addition the Housing Trust (via the Council) may be reluctant to receive land in areas with high 'operational costs' (such as high transport costs for future residents or high resident society/body corporate fees). In these situations, a mix of land and money may be the better outcome.
- 2.8 Having considered the matter, in my opinion the relevant Chapter 40 policy (40.6.1.6) relating to contributions of land could be expanded to better guide resolution of the two competing outcomes (spatial distribution of affordable housing versus quantity). I consider that policy 40.2.1.6 could be amended as follows:

Policy 40.2.1.6

~~Financial contributions in the form of a monetary contribution are preferred.~~ Contributions in the form of land must **should** be lots located within the subdivision site. Contributions of lots located outside the subdivision site **or a combination of money and land** may only occur where this leads to:

- a) a superior outcome in terms of access by future residents to services and community facilities; ~~and~~
 - b) **an increased number of lots; or**
 - c) **reduced operational costs for future occupiers (such as not having to pay Resident's Association Fees or similar);**
- while ensuring larger neighbourhoods in urban growth boundaries, overtime, attain a mix of market rate and affordable housing.**

2.9 Flowing on from the above is the method by which different mixes of land and money can be considered. As notified, for larger subdivisions (20+ lots), a mix of land and money would require a discretionary activity consent (in accordance with rule 40.6.1 non compliance status). Equally, off-site provision of land would also require a discretionary activity application. This activity classification may be seen to be inappropriate given the narrow range of issues at stake and a restricted discretionary classification (non-notified) would better match the discretion needed with the activity classification. Activities are generally classed as restricted discretionary where the range of potential effects is able to be identified in the Plan, so a restriction on the Council's discretion is appropriate. Non-notification is appropriate where the matters of discretion do not affect third parties. To this end I would recommend that non-compliance with the standards set out in 40.6.1 be amended to a Restricted Discretionary Activity (non-notified), with discretion restricted to the following matters:

- (a) The degree of departure from the standard
- (b) The mix between land and money
- (c) The location and characteristics of any land to be provided
- (d) The nature and extent of alternative forms of contribution
- (e) Staging of the Affordable Housing Financial Contribution.

2.10 A new 'non-notification' clause should be added (40.7), using wording used elsewhere in the district plan. The notified 40.7 section would be renumbered to 40.8.

2.11 In my view, non-provision of a financial contribution should remain a discretionary activity (potentially open to notification).

2.12 In this approach, the following rule framework would be put in place:

- a) Compliance with the standards in 40.6 remains a permitted activity

- b) A proposal for a different quantum or mix of land or money to that stipulated in 40.6 would be assessed as a restricted discretionary activity, without the ability to be full or limited notified
- c) A proposal seeking to avoid providing a contribution would be assessed as a discretionary activity, with the potential for notification.

3. Delayed / Staggered Start

- 3.1** The benefits and costs of an explicit delayed or 'staggered' start to the contribution were raised. A delayed start would see the date as to when the provisions become operative set one to two years in the future. This would aim to allow for subdivision or development applications mid-stream in the consent process to be completed (in terms of obtaining their consent).
- 3.2** A staggered start may involve a staged roll out. For example, the Variation could start with a small AHFC contribution, rising to a larger contribution in five years' time, or alternatively the AHFC could only apply upon future rezonings.
- 3.3** These different approaches may allow for markets to adjust and for sites which are currently in pre-development consenting stages to proceed without delay.
- 3.4** Under 86B of the RMA, a rule in a proposed plan has legal effect only once a decision on submissions relating to the rule is made and publicly notified under Schedule 1. Section 86B (1) (c) further states that the local authority concerned can resolve that a rule has legal effect only once the proposed plan becomes operative in accordance with clause 20 of Schedule 1. However, subsection (1)(c) applies only if the local authority makes the decision before notifying the proposed plan under clause 5 of

Schedule 1. No such decision was made prior to notification of the Inclusionary Housing variation.

- 3.5** A wide-ranging appeal to council's decision on the Variation could see the council apply little weight to the approved Variation in consent processes, even though it has legal effect, until the appeal is resolved. In other words, in the event of such an appeal there would be a 'phase in' period during which the AHFC is a known tool, but one that is not given weight in consent processes.
- 3.6** An exemption from the AHFC due to a delayed start should only apply where land is not transferred during the delay period and no plan changes are made that increase subdivision and development potential.
- 3.7** A staggered start raises complex drafting issues.
- 3.8** Having considered the matter, given the time that the Variation is likely to take to become fully operative (coupled with the pre notification consultation undertaken by the Council which demonstrated a clear intent to introduce an AHFC), then in my view the 'market' has already had time to 'adjust' to the prospect of such a contribution being in place, even if finer details are subject to amendment.

4. Delivery of affordable housing

- 4.1** As noted during the hearing the Variation focuses on the collection of contributions towards affordable housing, rather than on how such contributions are to be used to deliver affordable housing. Questions were raised as to whether the Variation needed to more explicitly refer to how affordable housing would be delivered. In particular is whether, once transferred to the Council, land could be on-sold, with the proceeds used for affordable housing elsewhere in the District. Another situation may involve split equity models of ownership which can see freehold title transfer to occupiers, for example. Whether the Variation should

acknowledge that a range of community housing providers may be involved in delivery was also raised.

4.2 In this regard, I note that Section 111 of the RMA states that where a consent authority has received a cash contribution under section 108(2)(a), the authority shall deal with that money in reasonable accordance with the purposes for which the money was received.

4.3 Furthermore, the definition of affordable housing in the District Plan refers to “residential activity that maintains long term affordability for existing and future generations through the use of a retention mechanism...”. The reference to retention mechanism signals that any proceeds from the sale of affordable housing land or units should be ‘recycled’ into other affordable housing projects/developments.

4.4 The purpose of the AHFC is stated as being:

In accordance with Section 77E(2) of the RMA, the purpose of the following rule is to ensure that provision is made for affordable housing by requiring a financial contribution to be made by most forms of residential development with this contribution directed to the provision of retained, affordable housing in the Queenstown Lakes District.

4.5 The last paragraph of the purpose statement of Chapter 40 (40.1) was recommended to be amended (as set out in the 42A rebuttal report), as follows:

It is not expected that the financial contribution will result in all relevant developments containing affordable housing. The primary means of implementation of contributions received by the Council will be through the work of the Queenstown Lakes Community Housing Trust who will decide, according to their policies, where and how the financial contribution will be used to deliver affordable housing.

- 4.6 This statement could be further amended to refer to delivery by a range of registered community housing providers and that contributions must be retained for affordable housing outcomes.

It is not expected that the financial contribution will result in all relevant developments containing affordable housing. The primary means of implementation of contributions received by the Council will be through the work of the Queenstown Lakes Community Housing Trust or other Registered Community Housing Providers. These organisations will decide, according to their policies, where and how the financial contribution will be used to deliver and retain affordable housing.

- 4.7 I consider that these references provide sufficient direction as to how land and/or funds are to be used, while acknowledging that the Housing Trust or other Registered Community Housing Provider needs a degree of flexibility as to how it manages the assets it receives.

5. Hāwea Wānaka / Sticky Forest

- 5.1 The section 42A report recommended adding a policy as follows that specifically addresses the particular circumstances of the Hāwea / Wānaka Sticky Forest land:

Policy Xy

Take into account the specific circumstances of the Hāwea / Wānaka Sticky Forest land, which is redress land transferred under the Ngāi Tahu Claims Settlement Act 1998 when determining an appropriate contribution to affordable housing.

- 5.2 This policy was criticised as being unclear as to whether it supports a waiver of the AHFC (rather than a reduction). The following amendment could be made:

Take into account the specific circumstances of the Hāwea / Wānaka Sticky Forest land, which is redress land transferred under the Ngāi Tahu Claims Settlement Act 1998 when determining an appropriate contribution to, reduction of or waiver of any affordable housing financial contribution.

5.3 Given uncertainty over the final ownership structure for the land and its development potential, as well as concerns over creating an ‘exemption’ precedent for other land, I consider the above ‘discretionary’ approach is appropriate. If the Panel were minded to accept the submissions on the Hāwea / Wānaka Sticky Forest land that the land should be exempt from Chapter 40, then I would recommend that a specific policy record this exemption, referencing Section 8 of the RMA and that the exemption would no longer apply to any subsequent rezoning of the land once it has transferred to the beneficial owners and the initial rezoning from rural to residential has been completed.

6. Detailed issues

6.1 A detail that was raised by the Panel is where a larger subdivision is proposed which results in a fraction of a lot being necessary to comply with the standard. For example, 5% of lots of a 30-lot subdivision equals 1.5 lots. It should be clarified that any part fraction should be rounded down. This clarification should be added to 40.6.1.4 – Interpretation of the rules, as follows:

Where the calculation of the required affordable housing contribution in the form of land results in a fractional lot, any fraction will be disregarded.

6.2 Reference to Stats NZ construction cost index. This index is produced quarterly and the reference to the inflator should make it clear that it is the accumulated changes to the index which need to be used (from a

fixed start date). As set out in the 42A report, the relevant provision (40.6.1.4b) reads:

Where a rule specifies a set monetary financial contribution per square metre of floorspace, this amount shall be adjusted in accordance with the most recent changes to Statistics New Zealand Producer Price Index for Construction Outputs - EE11 Building construction SQUEE1100, with June 2024 as the base year.

6.3 This should be amended as follows:

Where a rule specifies a set monetary financial contribution per square metre of floorspace, this amount shall be adjusted in accordance with the ~~most recent~~ **sum of quarterly** changes to Statistics New Zealand Producer Price Index for Construction Outputs - EE11 Building construction SQUEE1100, between June 2024 (as the base year ~~quarter~~) **and the most recent quarter prior to Code of Compliance being issued or resource or subdivision consent being lodged.**



David Mead

28 March 2024

Recommended Revised Provisions

Reply Version

Strikethroughs indicate deletions and underlines indicate amendments as set out in the 42A report.

Green font strikethroughs and underline text indicate further amendments I recommended in Rebuttal.

Green yellow highlighted text changes (strikethroughs and underlines) are in response to matters raised during the hearing.

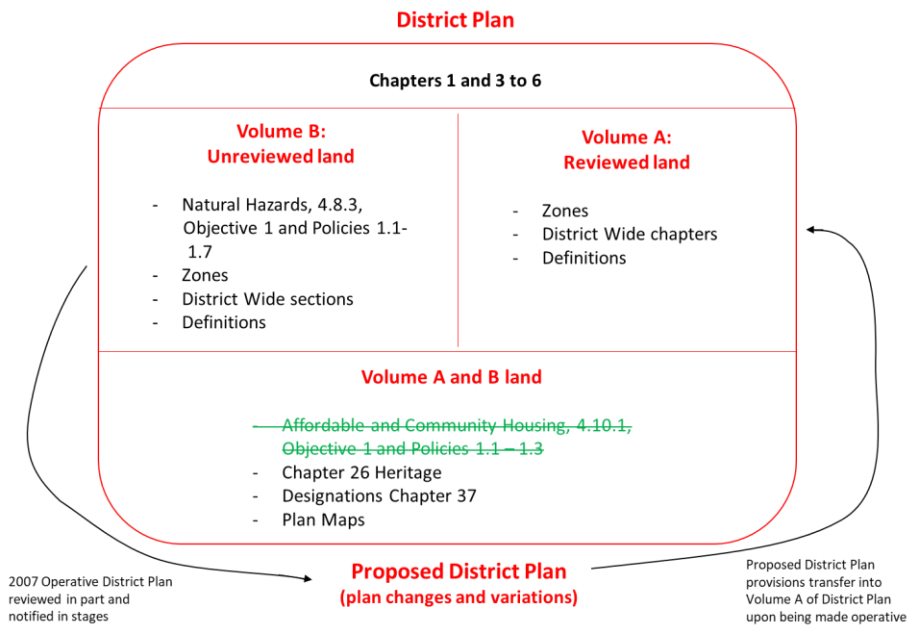
Proposed District Plan

Chapter 1: Introduction

1.1 B Structure of the District Plan

Chapters 3, 4, 5 and 6 have encompassed the 2007 District Plan Section 4 (District Wide Issues) with the exception of the following ~~two~~ objectives:

- Natural Hazards Objective 4.8.3(1) and Policies 1.1 to 1.7 (Section 4.8), which still applies as a relevant district wide objective to Volume B zones.
- ~~Affordable and Community Housing Objective 1 and Policies 1.1—1.3 (Section 4.10), which still applies to both Volume A and B zones.~~



Note: the amendments to the above diagram were recommended in rebuttal version.

Chapter 3: Strategic Direction

3.2 Strategic Objective

Add the following to 3.2.1 - The development of a prosperous, resilient and equitable economy in the district (addresses issue 1):

3.2.1.10 Affordable housing choices for low to moderate income households are provided in new ~~residential developments~~ and redeveloping residential areas so that a diverse and economically resilient community representative of all income groups is attained over time and maintained into the future.

3.3 Strategic Policies

Inclusionary housing

3.3.52 Ensure that affordable housing choices for low to moderate income households are incorporated into new neighbourhoods and settlements and in redevelopments of existing neighbourhoods.

3.3.53 Ensure that affordable housing provided in accordance with Policy 3.3.52 is retained to meet the long term needs of current and future low to moderate income households.

3.3.54 Require from development and subdivision that involves a residential component the transfer of land or money to the Council as a financial contribution towards meeting Objective 3.2.1.10 and policy 3.3.52 and 3.3.53, with contributions primarily sourced from residential subdivision and development within urban growth boundaries.

40 Inclusionary Housing

40.1 Purpose

The purpose of this chapter is to make provision for housing choices for low to moderate income households in new neighbourhoods and in redevelopments of existing neighbourhoods.

The combination of multiple demands on housing resources (including proportionately high rates of residential visitor accommodation and holiday home ownership, along with visitor accommodation developments in residential areas); geographic constraints on urban growth and the need to protect valued landscape resources for their intrinsic and scenic values, means that the District's housing market cannot function efficiently. This has long term consequences for low to moderate income households needing access to affordable housing. In turn, this has adverse outcomes for the integrated and sustainable management of natural and physical resources, including pressure for additional urban expansion, displacement of lower income households to outlying settlements, and reduction of social and economic wellbeing.

Affordable housing is where a low- or moderate-income household spends no more than 35% of their gross income on rent or mortgage (principal and interest) payments. In the Queenstown Lakes District, and for the purposes of these provisions, 120% of the District's Median Household Income for the most recent 12 months is used to define a low to moderate income.

The rules in this chapter apply to most forms of subdivision and development for residential activities. Provision is made for affordable housing by imposing a standard requiring a financial contribution to be made. This Chapter sets out the purpose of the financial contribution, and the manner in which the level of contribution (i.e. the amount) is determined. The financial contribution to be provided to the Council is for a different purpose to any development contribution listed in the Council's current contributions policy and is imposed in addition to a development contribution.

It is not expected that the financial contribution will result in all relevant developments containing affordable housing. The primary means of implementation of contributions received by the Council will be through the work of the Queenstown Lakes Community Housing Trust **or other Registered Community Housing Providers.** These organisations will decide, according to their policies, where and how the financial contribution will be used to deliver and retain affordable housing.

40.2 Objectives and Policies

- 40.2.1 Objective: Provision of affordable housing for low to moderate income households in a way and at a rate that assists with providing a range of house types and prices in different locations so as to support social and economic well-being and manage natural and physical resources, in an integrated way.

Policies

- 40.2.1.1 ~~Target~~ Apply affordable housing contributions to residential subdivisions and developments (including Residential Visitor Accommodation and independent living units in retirement villages) where housing is in high demand and generally close to employment, educational and community services, being land within Urban Growth Boundaries, or where a plan change or resource consent seeks to establish urban scale development.
- 40.2.1.2 Require residential developments that indirectly influence housing choices for low to moderate income households, such as residential development in Special and Settlement zones and rural residential subdivisions to contribute to meeting affordable housing needs.
- 40.2.1.3 Ensure that residential subdivision and development set out in Policy 40.2.1.1 and 40.2.1.2 provides a financial contribution for affordable housing. Avoid subdivision or development for residential activities and Residential Visitor Accommodation that does not provide a contribution, or otherwise does not make appropriate provision to help meet the affordable housing needs of the District.
- 40.2.1.4 Recognise that the following forms of residential development either provide affordable housing or do not generate pressure on housing resources and should not be subject to the affordable housing contribution:
- a) social or affordable housing delivered by Kāinga Ora, a publicly owned urban regeneration company, the Council or a registered community housing provider;
 - b) managed care units in a Retirement Village (as defined by the Retirement Villages Act 2003) or Rest Home (under the Health and Services Disability Act 2001); ~~and~~
 - c) Residential Flats: and
 - d) A residential lot or unit located in a Zone area that already contains affordable housing provisions in the district plan, or where previous agreements and affordable housing delivery with Council have satisfied objective 3.2.1.10 and 40.2.1 and their associated policies.
- 40.2.1.5 Determine the amount of financial contributions in consideration of the following matters:
- a) The longer-term demand for affordable housing;
 - b) The impact of a contribution on the commercial feasibility of development at an area-wide scale and over different time periods;
 - c) The differences in commercial feasibility between greenfields and brownfields urban development; and
 - d) Whether the subdivision and development is located inside or outside of Urban Growth Boundaries.
- 40.2.1.6 ~~Financial contributions in the form of a monetary contribution are preferred.~~ Contributions in the form of land ~~must~~ should be lots located within the

subdivision site. Contributions of lots located outside the subdivision site or a combination of money and land may only occur where this leads to:

- d) a superior outcome in terms of access by future residents to services and community facilities; and
 - e) an increased number of lots; or
 - f) reduced operational costs for future occupiers (such as not having to pay Resident's Association fees or similar);
- while ensuring larger neighbourhoods in urban growth boundaries, overtime, attain a mix of market rate and affordable housing.

40.2.1.7 Financial contributions received by the Council ~~shall~~ must be used for the purposes of providing retained affordable housing for low to moderate income households.

40.2.1.8 Provision of affordable housing by means other than a financial contribution to Council (such as direct transfer of land or units to a Registered Community Housing Provider or to a low to moderate income households) ~~should~~ must only occur in exceptional circumstances and must include appropriate eligibility criteria and retention mechanisms.

Policy Xy Take into account the specific circumstances of the Hāwea / Wānaka Sticky Forest land, which is redress land transferred under the Ngāi Tahu Claims Settlement Act 1998 when determining an appropriate contribution to, reduction of, or waiver of any affordable housing financial contribution.

40.3 Other Provisions and Rules

40.3.1 District Wide

Attention is drawn to the following District Wide chapters.

1 Introduction	2 Definitions	3 Strategic Direction
4 Urban Development	5 Tangata Whenua	6 Landscapes
25 Earthworks	26 Historic Heritage	27 Subdivision
28 Natural Hazards	29 Transport	30 Energy and Utilities
31 Signs	32 Protected Trees	33 Indigenous Vegetation and Biodiversity
34 Wilding Exotic Trees	35 Temporary Activities and Relocated Buildings	36 Noise
37 Designations	39 Wahi Tupuna	District Plan web mapping application

40.4 Interpreting and Applying the Rules

- 40.4.1 Financial contributions of money from a subdivision activity must be paid to the Council before the issue of a certificate under section 224(c) of the RMA. Where land forms part or all of a contribution, all necessary legal agreements to ensure implementation of such a contribution must be completed and executed before the issue of a certificate under section 224(c) of the RMA.
- 40.4.2 Financial contributions of money from a land use activity must be paid to the Council no later than 3 months after the issue of the necessary ~~building consents Code~~ Compliance Certificate under the Building Act 2004. If land forms part or all of a contribution, all necessary legal agreements to ensure implementation of such a contribution must be completed and executed before the issue of the necessary ~~building consents Code~~ Compliance Certificate under the Building Act 2004.
- ~~40.4.3 Where a rule specifies a set monetary contribution per square metre of floorspace, this amount shall be adjusted in accordance with the most recent changes to Statistics New Zealand Producer Price Index for Construction Outputs – EE11 Building construction SQUEE1100, with March 2023 as the base year.~~
- 40.4.4 For the purposes of this Chapter, residential floorspace is defined as any floorspace in a building that accommodates a residential activity, except the floor area of any garage, ~~or~~ carport, accessory building or outdoor area.
- 40.4.5 Council will maintain a schedule of areas where previous agreements and/or plan provisions meet the requirements of 40.2.1.4 (d).
- 40.4.6 Where an activity does not comply with a standard listed in the standards tables, the activity status identified by the ‘Non-Compliance Status’ column shall apply. Where an activity breaches more than one Standard, the most restrictive status shall apply to the Activity.
- 40.4.7 The following abbreviations are used in the following tables. Any activity which is not permitted (P) or prohibited (PR) requires resource consent.

P – Permitted	C – Controlled	RD – Restricted Discretionary
D – Discretionary	NC – Non – Complying	PR - Prohibited

40.5 Rules – Activities

In accordance with Section 77E(2) of the RMA, the purpose of the following rule is to ensure that provision is made for affordable housing by requiring a financial contribution to be made

by most forms of residential development with this contribution directed to the provision of retained, affordable housing in the Queenstown Lakes District.

	Activities - Inclusionary Housing	Activity Status
40.5.1	Subdivision or development that is proposed to contain or is capable of containing residential lots or units (including residential visitor accommodation units and independent living units in retirement villages) and provides an affordable housing financial contribution in accordance with standard 40.6.1.	P
40.5.2	<u>Subdivision or development that is proposed to contain or is capable of containing residential lots or units (including residential visitor accommodation units and independent living units in retirement villages) and provides an affordable housing financial contribution that is not in accordance with standard 40.6.1.</u>	RD See 40.6.1 for matters of discretion
40.5.3	Subdivision or development that is proposed to contain or is capable of containing residential lots or units (including residential visitor accommodation units and independent living units in retirement villages) which does not provide <u>an any form of</u> affordable housing financial contribution in accordance with standard 40.6.1.	D

40.6 Rules – Standards

	Standards - Affordable Housing	Non-compliance status
40.6.1	<p>An Affordable Housing Financial Contribution shall be provided to Council as follows:</p> <ol style="list-style-type: none"> 1. Subdivisions: <ol style="list-style-type: none"> a. Residential subdivisions within urban growth boundaries or other Residential Zones outside urban growth boundaries: <ol style="list-style-type: none"> (i) resulting in more than 1 but less than 20 new <u>additional residential</u> lots: a monetary contribution shall be paid to the Council equal to 5% of the estimated sales value of <u>the additional</u> serviced <u>residential</u> lots; or (ii) resulting in 20 or more <u>additional residential</u> lots: a contribution of land comprising 5% of <u>additional</u> 	RD Discretion is restricted to: The degree of departure from the required contribution and reasons for the departure.

	Standards - Affordable Housing	Non-compliance status
	<p>serviced <u>residential</u> lots transferred for no monetary or other consideration to the Council.</p> <p>b. Residential subdivisions in a Settlement Zone, Rural-Residential Zone, Wakatipu Basin Rural Amenity Zone Lifestyle Precinct or Special Zone <u>creating more than 1 additional residential lot</u>:</p> <p>(i) A monetary contribution shall be paid to the Council equal to 1.0% of the estimated sales value of the <u>additional residential</u> lots created.</p> <p>c. <u>The financial contribution required by (a) or (b) above will be reduced by the amount of any affordable housing financial contribution previously provided by subdivision of the relevant land. Residential lots in addition to those that have already paid the financial contribution will be liable to the payment of further financial contributions according to the above rules.</u></p> <p>2. Development:</p> <p>a. Residential floorspace for any new or relocated units <u>as part of a multi-unit development</u> on lots that have not been subject to a financial contribution under 1 (a) above: A monetary contribution shall be paid to the Council equal to the lesser of:</p> <p>(i) 2.0% of the estimated sales value of <u>each additional unit of the additional units</u>, or</p> <p>(ii) \$150 per sqm of the net increase in residential floorspace.</p> <p>b. Residential floorspace for any new or relocated units <u>as part of a multi-unit development</u> on lots that have not been subject to a monetary contribution under 1 (b) above: A monetary contribution shall be paid to the Council equal to:</p> <p>(i) \$75 per sqm of the net increase in residential floorspace.</p> <p>c. For new residential <u>floorspace involving multi-unit developments of more than 1 unit</u> on lots that have provided a monetary contribution under 1(a) above, a 'top up' monetary contribution shall be paid to the Council, equal to the formula (A) – (B):</p> <p>With (A) being the lesser of:</p> <p>2.0% of the estimated sale value of the additional units, or</p> <p>\$150 per sqm of the net increase in residential floorspace, and</p>	<p><u>The mix between land and money</u></p> <p><u>The location and characteristics of any land to be provided</u></p> <p><u>The nature and extent of alternative forms of contribution</u></p> <p><u>Staging of Affordable Housing Financial Contribution</u></p>

	Standards - Affordable Housing	Non-compliance status
	<p>(B) being the per lot contribution paid under 1(a).</p> <p>3. Exemptions: For the purposes of this standard, the following types of residential activities shall not be counted as contributing to the total number of residential units in a development, nor be counted towards fulfilling the requirement of 40.8.6.1:</p> <p>(a) a Residential Flat</p> <p>(b) social or affordable housing delivered by Kāinga Ora, a publicly owned urban regeneration company, the Council or a registered community housing provider that complies with the requirements of Schedule 40.1, where affordable housing comprises at least 10% of the dwelling <u>residential</u> units in the development; or</p> <p>(c) a managed care unit in a Retirement Village or Rest Home (as defined by the Retirement Villages Act 2003 or the Health and Disability Act), or</p> <p>(d) a residential <u>lot</u> or residential unit located in an <u>Zone area</u> that already contains affordable housing provisions in the district plan, or where previous agreements and affordable housing delivery with Council have satisfied objective 3.2.1.10 and 40.2.1 and their associated policies.</p> <p><u>(e) contributions in accordance with 2(a) and (b) do not apply to development or replacement of a single residential unit on a lot.</u></p> <p>4. Interpretation:</p> <p>a. The estimated sales value of lots, units or residential floorspace shall be determined by a valuation report prepared, at the applicant's expense, by a Registered Valuer (as mutually agreed by the Council and the applicant) within the 3 months prior to the financial contribution being paid. <u>lodgement of the application concerned.</u> In the event of disagreement, the Council shall appoint a valuer to determine the matter.</p> <p>b. <u>Where a rule specifies a set monetary financial contribution per square metre of floorspace, this amount shall be adjusted in accordance with the <u>most recent</u> sum of quarterly changes to Statistics New Zealand Producer Price Index for Construction Outputs - EE11 Building construction SQUEE1100, with March <u>June 2023</u> (as the base year</u></p>	

	Standards - Affordable Housing	Non-compliance status
	<p>quarter) and the most recent quarter prior to Code of Compliance being issued or resource or subdivision consent being lodged.</p> <p>c. <u>Māori land within the meaning of Te Ture Whenua Māori Act 1993 is exempt from providing a financial contribution in the form of land.</u></p> <p>d. <u>Where the calculation of the required affordable housing contribution in the form of land results in a fractional lot, any fraction will be disregarded</u></p>	

40.6.2	Affordable lots provided in accordance with 40.6.1.1. a. ii. shall be located within the development site, serviced and unencumbered <u>by covenants or consent notices that limit the number, size or design of buildings on the lots.</u>	D
40.6.3	Where development is to be staged, the affordable housing contribution is to be provided as each stage proceeds, on a proportionate lot basis.	D

40.7 Rules – Non-Notification of Applications

40.7.1 The following Restricted Discretionary activities shall not require the written approval of affected persons and shall not be notified or limited notified:

- (a) 40.5.2
- (b) 40.6.1

40.8 **Assessment Matters**

40.8.1 Restricted Discretionary Activities

40.8.1.1 The amount of the contribution

- a. Whether the site or development has unique or unusual characteristics that would mean full provision of the required number of affordable lots or monetary contribution imposes a significant financial burden on the development that would make the development unviable, as demonstrated by a site-specific development feasibility assessment that utilises industry accepted assessment methodologies, and an alternative mix or contribution is appropriate. It is expected that a full assessment of costs will be provided based on an “open book” approach i.e. the developer will be expected to make all of the relevant cost information available.

40.8.1.2 Land versus monetary contribution

- b. Whether the contribution is more appropriately provided in the form of money rather than land (lots) due to the location of the lots; their size and/or on-going high costs of upkeep (including resident's society or body corporate fees or similar).

40.8.1.3 Off-site provisions

- c. Where lots are required, whether off-site locations may be considered for all or part of the requirement where:
 - i. there are exceptional reasons to avoid on-site provision, such as the site being poorly located for affordable housing, and/or
 - ii. the alternative sites are in close proximity to the development (i.e. within 2kms) and offer a superior outcome in terms of improved access to services and transport and or improved mix of dwelling types. Particular consideration will be given to whether the off-site provision will better address priority needs, particularly family housing, and/or
 - iii. the applicant has entered into a legally binding agreement with a Council approved community housing provider who can demonstrate that on-site provision will not meet their operational requirements and that an off-site location will deliver a superior outcome in terms of the number, mix and/or on-going management of the required retained affordable housing.

40.8.1.4 Staging of ~~dwelling~~ residential units and/or lots

- d. Deferral of provision of affordable lots or units to subsequent stages should generally not occur.
- e. Whether delayed delivery of the affordable dwellings or lots can be appropriately secured through a suitable binding agreement with the Council, the terms of which may include a bond.

40.8.1.5 Alternative forms of contribution

- f. Alternative forms of contribution to that specified in 40.8.6.1 (such as sale of lots or units direct to a Community Housing provider or a low to moderate income household) should not result in a lesser contribution.
- g. Transfer of lots or units should involve an appropriate retention mechanism and be subject to eligibility criteria (as specified in Schedule 40.1).
- h. Alternative forms of contribution should only be considered where exceptional circumstances apply.

40.9 Schedule 40.1

Where a financial contribution is not provided, and an alternative solution proposed, then the requirements in 40.8.6.1 must be met by compliance with the following:

Retention Mechanism

40.9.1.1 The lot or floorspace being sold to an eligible buyer with a legally enforceable retention mechanism which is fair, transparent as to its intention and effect and registrable on the title of the property, including, but not limited to, a covenant supported by a memorandum of encumbrance registered on the certificate of title or consent notice under the RMA, that:

- i. limits ownership and re-sale (including a future residential unit in the case of a vacant site subdivision) to:
 - (i) a registered community housing provider, Kāinga Ora, a publicly owned redevelopment agency or a registered community housing provider, or
 - (ii) an occupier who is approved by the council as meeting the eligibility criteria below, and
- j. limits rent and resale to an eligible buyer based on a formula that ensures that the lot or dwelling remains affordable into the long term, including a future residential unit in the case of vacant site subdivision; and
- k. prevents circumvention of the retention mechanism and provides for monitoring of the terms of the retention mechanism covenant or consent notice and the process should those terms be breached including where occupiers have defaulted on the mortgage and lenders seek to recover their interests in the property, and
- l. is legally enforceable by the council in perpetuity through the means of an option to purchase in favour of the council at the price determined in accordance with (e), supported by a caveat.
- m. at the time of resale, requires the reseller to:
 - (i) apply the same formula used to determine the price of the original purchase;
 - (ii) allows the reseller to recover the cost of capital improvements made subsequent to purchase, approved by the council at a value determined by a registered valuer.

Eligibility

40.9.1.2 For the purposes of 40.10.8.1.1 an eligible buyer shall:

- n. Be a household with a total income of no more than 120% of the District's area median household income;
- o. Be a household whose members do not own or have a monetary interest in other real estate;
- p. Must not own or be a beneficiary of a business or trust that has adequate income and/or assets that enable you to enter into home ownership independently;
- q. Will live at the address and not let or sub let the unit to others; and

- r. Have at least one member who is a New Zealand resident or citizen.

Affordability

40.9.1.3 Affordability means households who have an income of no more than 120% of the district's median household income and spend no more than 35 per cent of their gross income on rent or mortgage repayments, where:

- a. median household income shall be determined by reference to Statistics New Zealand latest data, and as necessary, adjusted annually by the average wage inflation rate;
- b. in the case of purchase, normal bank lending criteria shall apply. Body Corporate or Resident Society fees may be included in the calculation of purchase costs;
- c. In the case of the sale of a vacant site only, the site is sold at a price such that the resulting dwelling plus the site will meet the criteria set out above.

Definitions

Community Affordable Housing

Means residential activity that maintains long term affordability for existing and future generations through the use of a retention mechanism, and whose cost to rent or own is within the reasonable means of low and moderate income households.