



QUEENSTOWN LAKES DISTRICT COUNCIL

PLAN CHANGE HEARING COMMITTEE

REPORT FOR PLAN CHANGE 24: AFFORDABLE AND COMMUNITY HOUSING

FOR HEARING COMMENCING: 13 AUGUST 2008

REPORT DATED: 29 JULY 2008

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FOR AND ON BEHALF OF THE QUEENSTOWN LAKES DISTRICT COUNCIL

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EXECUTIVE SUMMARY

This report has been written in accordance with Section 42A of the Resource Management Act 1991 (RMA) to consider all submissions and further submissions received following the public notification of Plan Change 24 and to make recommendations on those submissions.

The Plan Change was publicly notified 24 October 2007. A copy of the Section 32 report is available on the Council's website: www.qldc.govt.nz. The background information to this Plan Change is contained within this Section 32 evaluation, dated 14 September 2007, prepared by Hill Young Cooper Limited, Tricia Austin, University of Auckland and Rationale Limited for and on behalf of the Queenstown Lakes District Council (QLDC; Council).

As stated in section 1.1, page 4 of the Section 32 Report:

“The plan change aims to increase the availability of affordable housing within the Queenstown Lakes District (the QLDC area) for future generations. Affordable housing is taken to mean housing where a low or moderate income household spends no more than 30% of gross income on rent or mortgage (principal and interest) repayments.

More specifically, the purpose of Plan Change 24 is to progress actions 13-19 of the Housing Our People in our Environment Strategy (the HOPE Strategy), in particular action 19:

“to Introduce affordable housing into the policies of the District Plan so that it can become a relevant matter when plan changes/ variations are proposed, as well as when resource consent applications are considered, for example in relation to discretionary activities. This is so the impacts of planning changes on affordability, both positive and negative, are addressed.”

This report outlines the statutory provisions relevant to the plan change process; discusses general issues and the submissions received following the public notification; makes recommendations as to whether or not these submissions should be **accepted** or **rejected**; and finally, concludes with an overall recommendation based on the above. The attached report “Attachment 4: Recommendations on Submissions” is also provided. When using this document submitters can quickly ascertain whether the Section 42A report recommends acceptance or rejection of their specific submission points. If there is any doubt on the recommendation, the 42A report (this report) takes precedence over Attachment 4.

The following documents were referenced in the consideration and assessment of Plan Change 24 and are referenced as attachments to the Section 32 report:

1. Affordable and Community Housing – Demand, Allocation and Implementation (Rationale Ltd, 2007)
2. Community Housing / Affordable Housing: Proposed Plan Change 24 – Issues and Options Report (Hill Young Cooper Ltd and Tricia Austin, 2006)
3. Council Community Plan (Queenstown Lakes District Council, 2006)
4. Dwelling Capacity Model (Queenstown Lakes District Council, 2007)
5. Sustainable Building in Queenstown Lakes District (Sustainable Wanaka, 2007)

6. Housing Our People in our Environment Strategy – Update (Queenstown Lakes District Council, 2007)
7. Housing Our People in our Environment Strategy (Queenstown Lakes District Council, 2005)
8. Linkage Zoning: North American Resort Case Studies (Tricia Austin, 2007)
9. Proposed Plan Change 24: Community Housing – Policy Plan Change Working Paper One (Hill Young Cooper Ltd, 2007)
10. Recommended Insulation and Glazing Requirements QLDC Affordable Housing (Sustainable Wanaka, 2007)
11. Regional Policy Statement for Otago (Otago Regional Council, 1998)
12. Responses to Affordable Housing consultation (Queenstown Lakes District Council, 2007)

In summary this report finds that the basis for a Plan Change dealing with matters of housing affordability is a resource management issue for the District and therefore provides a sound basis for proceeding with a plan change.

RELATIONSHIP TO HOPE STRATEGY

Adopted by Council in June 2005, the HOPE Strategy is the blueprint for a wide range of Council and community actions related to increasing the supply of affordable and community housing. The June 2005 report is now referred to as Volume 1 of the HOPE Strategy.

Concurrent with the notification of Plan Change 24, Council separately notified an update to the HOPE Strategy overall goals in Volume 1, and introduced a Volume 2 which contained a set of guidance documents. The Volume 1 updates were included as Attachment 6 to PC24:

Overall Goal: To increase access to quality, affordable housing that is integrated into the community so as to support the community's outcomes related to the sustainable economic, social and environmental development of the QLDC area.

“to increase access” means to enact measures that

- *prevent the demand for Affordable and Community Housing from increasing beyond the levels measured in 2006; and*
- *enable 70% of the District workforce which is in need of and eligible for Affordable and Community Housing to live within the QLDC area by 2016.*

Progress on Plan Change 24: Affordable and Community Housing meant that the Strategy needed to be amended to incorporate a set of Guidelines (which now form Volume 2 of the HOPE Strategy):

Part A: Applicant Eligibility Criteria

Part B: Guidelines for Development

Part C: Retention Mechanisms

Part D: Affordable and Community Housing- Demand, Allocation and Implementation Report

Part E: Methodology for Affordable Housing Impact and Mitigation Statement

Part F: Definitions

Through the above additions, the HOPE Strategy (September 2007) continues to function as the primary guidance for the public, those developing housing, and planners reviewing developments with regard to Affordable and Community Housing.

Council indicated that the public comment period on the HOPE Strategy updates Volume 1 and Volume 2 would remain open throughout the PC24 process, in order to enable the Council to take on board results of the PC 24 hearing and subsequent decision. Thus, there are potential modifications to the Volume 2 Guidance documents that may occur in conjunction with resolution to PC24. For example, the discussion in issue 7.4- Definition of Affordable Housing, proposes changes to Part A – Eligibility Criteria. These changes will need to be adopted by the Council.

SUBMISSIONS – BY TOPIC AND ISSUE

Submissions closed 19 December 2007. The Summary of submissions was notified 12 March 2008, with the period for making further submissions closing 16 April 2008. A total of 29 original submissions and 10 further submissions were received.

LIST OF SUBMITTERS AND FURTHER SUBMITTERS

Original Submitters are listed alphabetically, preceded by their submitter number as indexed in the report “Recommendations on Submissions” in Attachment 3. *Further submitters* are referenced in *italics*.

Original Submitters & Further Submitters	Issues submitted on:
15-Albatross QT Ltd	1.2,
1-Armada Holdings Limited <i>Armada Holdings Limited</i>	1.1, 1.2,1.3, 1.4, 1.5,2.1, 6.1
16-Benjamin, David and Christine	8.1
6-Brecon Street Partnership Limited	1.1, 1.5
9-Central Land Holdings Limited <i>Central Land Holdings Limited</i>	1.1, 1.3-1.6,1.11, 2.1,2.2, 3.9-3.11, 4.2, 5.2, 5.4, 5.5, 6.1-6.3, 6.7, 7.2, 7.3, 8.2
7-City Pacific Limited	1.1, 1.5
17-Five Mile Holdings Limited <i>Five Mile Holdings Limited</i>	1.3, 1.4, 1.7, 1.9, 1.11, 2.1, 5.2, 6.1-6.4, 7.6, 7.7, 8.1
2-Foodstuffs South Island Limited	1.1, 1.2,1.3, 1.4, 1.5, 2.1, 6.1
18-Glendore (N.Z) Limited <i>Glendore (N.Z) Limited</i>	1.3, 1.4, 1.7, 1.9, 1.11, 2.1, 5.2, 6.1-6.4, 7.6, 7.7, 8.1
3-H&J Smith Holdings Limited Group	1.1, 1.2,1.3, 1.4, 1.5, 2.1, 6.1
19-Hebbard, Bruce & Alison	1.3, 1.6, 5.2
20-Housing New Zealand Corporation	1.3, 1.4
4-Infinity Investments Group Holdings Limited <i>Infinity Investments Group Holdings Limited</i>	1.1, 1.2,1.3, 1.4, 1.5,2.1, 6.1
5-Jacks Point Limited	1.1, 1.2,1.3, 1.4, 1.5,2.1, 6.1
21-John Edmonds and Associates Ltd	1.5., 3.3, 3.5, 3.12, 5.6, 5.7, 7.8
22-Ladies Mile Partnership	2.1, 6.5, 7.9
23-Millbrook Country Club Limited	3.3, 8.2
8-Mount Cardrona Station Limited	1.1, 1.5
10-Orchard Road Holdings Limited <i>Orchard Road Holdings Limited</i>	1.1, 1.3-1.6,1.11, 2.1,2.2, 3.9-3.11, 4.2, 5.2, 5.4, 5.5, 6.1-6.3, 6.7, 7.2, 7.3, 8.2
24-Peninsula Road Limited	1.1, 3.6, 4.2, 6.2, 7.4, 7.7, 7.9, 7.10

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11-Queenstown Airport Corporation <i>Queenstown Airport Corporation</i>	1.1, 1.3-1.6,1.11, 2.1,2.2, 3.9-3.11, 4.2, 5.2, 5.4, 5.5, 6.1-6.3, 6.7, 7.2, 7.3, 8.2
13-Queenstown Hill Developments Limited	1.3, 6.1
25-Queenstown Lakes Community Housing Trust	4.2, 4.4, 5.6, 7.4, 8.3
26-Queenstown Lakes District Council	7.4, 7.8, 7.11, 7.13, 7.15, 8.2
14-Remarkable Heights Limited	1.3, 6.1
27-Remarkables Park Limited <i>Remarkables Park Limited</i>	1.3-1.5, 1.7, 1.10, 2.3, 3.6, 3.7, 4.2, 5.4, 5.6, 6.1,7.13, 8.2
28-Southern Planning Group	1.8, 2.2, 3.3, 3.8, 3.12, 5.1, 5.2, 5.4, 5.6, 5.7, 6.6, 7.16
29-True, Ingo	8.5
12-Willowridge Developments Limited <i>Willowridge Developments Limited</i>	1.1, 1.3-1.6,1.11, 2.1,2.2, 3.9-3.11, 4.2, 5.2, 5.4, 5.5, 6.1-6.3, 6.7, 7.2, 7.3, 8.2
<i>The Hills Limited</i>	1.1-1.3, 1.5, 3.1, 3.2, 3.4, 3.10, 4.1, 5.1, 5.2-5.6, 6.1, 6.3, 6.6, 7.1-7.4

The points of submissions received have been divided into the topics and issues set forth in the table below:

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The report is divided into the same categories to discuss and make recommendations on the submissions received.

It is noted that nearly half of submissions (14 out of 29) started with the acknowledgement that the inadequate supply of affordable housing is a significant issue in the Queenstown Lakes District. Nineteen submissions opposed the plan change.

Ten submissions expressed general support of the plan change, whilst arguing for amendments to certain aspects of the provisions to improve operability.

RELATIONSHIP TO CENTRAL GOVERNMENT HOUSING AFFORDABILITY BILL

On 8 July 2008, the Local Government and Environment Select Committee made its report back to Parliament on the Affordable Housing: Enabling Territorial Authorities Act - 2007. The full report is available at http://www.parliament.nz/en-NZ/SC/Reports/4/4/2/48DBSCH_SCR4099_1-Affordable-Housing-Enabling-Territorial-Authorities.htm - on the right side bar, see "Downloads" and click Full Report Text. This is referred to as the "AH:ETA" in this report.

The Committee has recommended by majority that the Bill be passed with various amendments. Council is unsure of the Government's priority for enacting this Bill prior to an election. Therefore, we believe it is prudent to progress the hearing on Plan Change 24 as a means of furthering the debate on the matters raised by submitters.

Officers have viewed the Bill as currently drafted. It is considered that the additional tools the Bill would offer if enacted may well prove of assistance to the Council to meet the community's Affordable Housing goals. However, it is not considered that the Bill precludes the Council using the District Plan to address Affordable Housing issues and officers consider that the District Plan can and should form part of the Council's approach to addressing housing affordability.

LEGAL OPINION REGARDING SCOPE

Section 1.0 – Scope of this report discusses several issues raised by submitters regarding whether the RMA provides adequate scope to address matters of housing affordability. Council is making available its legal opinion on the topic, dated 30 June 2008, included as Attachment 2. Also, reference is made to a memorandum made available to the Council by Housing New Zealand as prepared by Chapman Tripp. The Council has made written request that this document be made available to the public, but at the time of issuance of this report, Council had not received approval to release the memo.

Responses to Relief Sought

This report has been structured so as to address the issues raised in submissions. Appendix 4 also specifically outlines in a table form the responses to relief sought. All effort has been made to make this report comprehensive in addressing the relief sought. However, it should be noted that at times the relief sought in submissions is not easy to summarise (for example where a submitter asks in the alternative to withdrawal of the Plan Change that changes be made to address the concerns raised in their submission). Also, at times the nature of submitters' concern is not very specific. If submitters feel that the report has not discussed any of the issues they have raised to their satisfaction they are welcome to talk to these issues at the hearing (if they have previously indicated their willingness to speak at the hearing).

Questions raised by submitter's consultant – Covec

During the preparation of the planners report, Fraser Colegrave of Covec contacted Council disclosing that he had been hired by Anderson Lloyd on behalf of the submitters that firm represents, and requesting further information in order to prepare an economic analysis of PC24. The responses provided to Covec are attached to this report as Attachment 4.

DISCUSSION OF TOPICS AND ISSUES RAISED BY SUBMITTERS

1.0 SCOPE

1.1 Inadequate supply of affordable housing?

Issue: Acknowledgement that the inadequate supply of affordable housing is a significant issue in the Queenstown Lakes District.

Original Submissions from

Armada Holdings Ltd
Brecon Street Partnership Ltd
City Pacific Ltd
Foodstuffs South Island Ltd
H & J Smith Holdings Ltd Group
Infinity Investment Group Holdings Ltd
Jacks Point Ltd
Mount Cardrona Station Ltd
Peninsula Road Ltd

Further submissions in support from

Infinity Investment Group Ltd
The Hills Ltd
Central Land Holdings Ltd
Orchard Road Holdings Ltd
Willowridge Developments Ltd
Queenstown Airport Corporation
Remarkables Park Ltd
Five Mile Holdings Ltd

Further submissions in opposition from *none*

Discussion

Council appreciates that the submitters agree that the issue of housing affordability is significant, and requires a response, acknowledging that what the right response is remains open for debate.

Relief Sought

none

Recommendation

That the original submissions and further submissions in support be **accepted**.

Reason

Submitters and Council agree to the significance of the issue.

1.2 Development as promoter of Growth?

Issue: PC24 is fundamentally flawed in that it implies that development is the promoter of growth, and that development *per se* creates an adverse effect in terms of a lack of affordability. It is submitted that this assumption is not proven in research. Rather, submitters argue that development follows and responds to growth trends.

Original Submissions from

Armada Holdings Ltd
Foodstuffs South Island Ltd
H & J Smith Holdings Ltd Group
Infinity Investment Group Holdings Ltd
Jacks Point Ltd
Albatross QT Ltd

Further submissions in support from

Armada Holdings Ltd
Infinity Investment Group Ltd
The Hills Ltd
Central Land Holdings Ltd
Orchard Road Holdings Ltd
Willowridge Developments Ltd
Queenstown Airport Corporation
Remarkables Park Ltd

Further submissions in opposition from

none

Discussion

PC 24 is not making any statement on which occurs first: growth or development. The Section 32 report argues that development is one of the physical manifestations of growth that the RMA enables Councils to manage. There are a number of effects arising from development that the District Plan requires be avoided, remedied or mitigated. This development is typically undertaken to meet perceived demand.

The fact that the Queenstown Lakes District is consistently deemed to have one of the highest rates of growth of any territorial authority in the country arguably provides a healthy economic base for its residents, and is in part responsible for the high median household income (\$63,800 per the 2006 Census) relative to the rest of New Zealand. But this same growth generates a range of issues related to sustainable management of the district's resources. As well as the District Plan, the Growth Management Strategy for the Queenstown Lakes District (the Growth Management Strategy) discusses the implications of growth.

The District Plan, in section 4.9.2 Urban Growth, identifies 5 issues. Of note are:

- The effects of urban growth on the identity, cohesion and the economic and social wellbeing of the existing residential, farming and settlement communities
- How best to accommodate urban growth

It is clearly growth and the effects of growth that the District Plan and the Growth Management Strategy intend to manage. As the majority of submitters concur that there are significant issues of housing affordability in the district that need to be addressed, it is considered that a 'significant resource management issue' is present. As stated in Section 6, page 30 of the Section 32 Report,

Generally, the statement [significant resource management issue] is taken to mean some form of problem or concern where the District Plan may need to provide a regulatory framework to help address the problem. In economic terms, a resource management issue could be described as a market failure; that is the normal operation of the market is leading to an inefficient allocation of resources, such as through the presence of a negative externality that is not accounted for in the prices that people and organisations pay for the use of resources. A lack of affordable housing could be said to be a "market failure".

It therefore follows that for Council to effectively manage the effects of growth related to housing affordability, some form of regulatory effort is required, to counteract the condition of market failure. It follows then that development occurs in response to growth, but that development has not delivered product to the marketplace to meet all segments of market demand, in particular the portion of the market that is the local workforce. This results in a set of environmental, social and economic impacts that occur locally. For example, the kinds of impacts resulting from growth:

- that are of an economic nature including new developments (particularly of the commercial and visitor accommodation sectors) that have a need for workers, yet workers are increasingly unable to secure adequate, affordable accommodation in proximity to their places of work and play. A lack of workers places strains on local businesses, which may lead to deterioration in the levels of service the business is able to deliver to the public. As a pre-eminent tourism destination, the Queenstown-Lakes District economy as a whole would suffer if diminished service levels contributed to a decline in the quality of the tourism experience. This statement is supported by the November 2007, Queenstown Labour Market Analysis, conducted by Ministry of Social Development, Department of Labour and QLDC as referenced on that reports page 23. (See also discussion of this report under Issue 6.5)
- that are of a social nature include a predominance of new residential development that is targeted at a visitor and second home market, priced well above levels affordable to the local workforce.
- That are of an environmental nature include pressures for workers to seek Affordable Housing at long distances from their places of work, contributing to large amounts of carbon emissions from vehicles.

These impacts can fairly be described as 'significant resource management issues' resulting from growth trends. Development has not adequately responded to all aspects of demand in the community's growth, namely the segment of the market seeking affordable accommodation. The objectives and policies proposed by PC24 are aimed at addressing these significant resource management issues.

Relief Sought

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Armada Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd and Jacks Point Ltd seek that the Plan Change be withdrawn or cancelled or, in the alternative, that the District Plan is amended to address the issues and resolve the concerns raised in their submissions.

Albatross QT Ltd seek that Plan Change 24 be **rejected**.

Recommendation

That the original submissions and further submissions in support be **rejected**.

Reason

The growth trends which have led to significant resource management issues related to housing affordability require a regulatory response, which is addressed through the proposed PC24's objectives, policies and implementation measures.

1.3 Affordable Housing within purpose of the RMA?

The provision of Affordable Housing does not come within the purpose of the RMA. It is not, or it is questioned whether it is a resource management issue..

Original Submissions from

Five Mile Holdings Ltd
Glendore (N.Z.) Ltd
Central Land Holdings Ltd
Hebbard, Bruce & Alyson
Orchard Road Holdings Ltd
Queenstown Airport Corporation
Queenstown Hill Developments Ltd (not a legitimate reason to take financial contributions under the RMA)
Remarkable Heights Ltd (ibid)
Remarkables Park Ltd
Willowridge Developments Ltd
Housing New Zealand Corporation

Further submissions in support from

Armada Holdings Ltd
Infinity Investment Group Ltd
The Hills
Central Land Holdings Ltd
Orchard Road Holdings Ltd
Remarkables Park Ltd
Willowridge Developments Ltd
Queenstown Airport Corporation

Further submissions in opposition from

none

Discussion

Readers are directed to the legal opinion of MacTodd (see Attachment 2). Council has reviewed the opinion of Chappman Tripp, which Council has requested authority from HNZA to release (but as yet not available for release in conjunction with this report).

The Resource Management Act 1991 states in Section 5:

(1) The purpose of this Act is to promote the sustainable management of natural and physical resources.

(2) In this Act, sustainable management means managing the use, development, and protection of natural and physical resources in a way, or at a rate, which enables people and communities to provide for their social, economic, and cultural wellbeing and for their health and safety

Land and housing are natural and physical resources. It is appropriate for Council to promote that land and housing be sustainably managed so as provide for communities' social, economic and cultural wellbeing.

In summary, it is not considered anything in the RMA prevents a district plan from including objectives, policies and rules related to the provision of affordable housing. As stated earlier, matters of housing affordability have led to significant resource management issues in the district. For example, land (a natural and physical resource) is not being used efficiently at present as it is not enabling large sectors of the community (its workforce) to provide for their economic and social wellbeing.

The Chapman Tripp opinion is very clear that there is nothing precluding the affordability of housing being considered a resource management issue:

'The RMA does not preclude a district plan from including objectives, policies and rules, to facilitate development of affordable housing in a community.'

That opinion goes on to present some concerns about how appropriate a vehicle the RMA is to actually achieve these objectives, policies and rules. Officers are of the opinion that Plan Change 24 has been structured in such a way as to overcome these concerns. In particular, the following statements from the Chapman Tripp opinion are noted:

'Under the RMA, a district plan can empower a territorial authority to impose a resource consent condition obliging the consent holder to make a financial contribution. However, this is understood to need to pertain to the activity for which the consent is sought and be for the purposes of mitigation of the effects of that activity (rather than being a form of tax for purposes that go beyond the activity in question);

By contrast, the AHETA Bill intends that, when cash or land contribution requirements are imposed on a particular developer, this is to achieve the broader community-wide affordable housing intentions of the council (as determined by the council's housing needs assessment) rather than to respond to the effects of the activity in question in any particular case (see clause 5, 11(1)).'

It is argued that Plan Change 24 establishes a method (including a financial contribution) for a development to establish what the effects of that development are in terms of the affordability of housing and for those effects to be avoided, remedied or mitigated.

Therefore, it is argued that these methods (including those that can be described as a financial contribution) do pertain to the activity.

Housing New Zealand, in their submission, appear to support the assertion that the approach of Plan Change 24 is achievable:

While it is considered possible for some territorial authorities to establish a direct link between a development and its impact on housing affordability, this may be difficult to achieve by all territorial authorities. For this reason, the AH:ETA was developed to provide legal clarity for all territorial authorities wanting to use planning tools for affordable housing. . .

It may take territorial authorities several years before any of the tools contained in the Bill can be used. The Bill, if passed, may take a year to go through the parliamentary process. . .

In the meantime, the proposed Queenstown Lakes District Council Plan Change could be an effective way to increase the supply of affordable housing in the district.

MacTodd add, through their opinion, that “It is apparent that in pursuing the “linkage” methodology the necessary “nexus” between cause and effect can be made out, such that there is justification for the methods established in Plan Change 24 (including affordable housing contributions to be levied) pursuant to provisions of the RMA. The inability for “all” territorial authorities to make this essential connection appears to underlie the explanatory statement to the AH:ETA that it is outside the purpose of the RMA to provide for affordable housing.”

The Section 32 report, explains the linkage method described above in detail.

Queenstown Hill Developments Ltd and Remarkable Heights Ltd specifically outline their opinion that financial contributions cannot be sought for affordable housing under the RMA. The MacTodd opinion (see Attachment 2) discusses this issue. That opinion (requested by the Council in light of submissions received) considers that affordable housing is a legitimate reason to levy a financial contribution under the RMA (assuming that it is appropriately structured in the District Plan). However, the opinion is expressed that financial contributions are limited to land and money and that the Plan Change should be clear in this matter. A change is therefore recommended to Appendix 11 below.

Relief Sought

Five Mile Ltd and Glendore (NZ) Ltd seek that the Plan Change 24 be withdrawn in its entirety. Remarkables Park Ltd seek that the Plan Change be withdrawn or that it be amended to address the concerns raised in their submission. Central Land Holdings Ltd, Orchard Road Holdings Ltd, Willowridge Developments Ltd seek either that the Plan Change is cancelled or that Appendix 11 be deleted and the Council focus on zoning sufficient amounts of land for housing. Remarkable Heights Ltd and Queenstown Hill Developments Ltd seek that Plan Change 24 be rejected in its entirety or that Appendix 11 and Policies 1 and 2 of Objective 1 be deleted or that other amendments be made to address the concerns in their submissions. Bruce and Alison Hebbard seek that the financial contribution part of the Plan Change be **rejected** or, if this cannot be achieved, the whole Plan Change be **rejected**.

Recommendation

That the original submissions of Five Mile Holdings Ltd, Glendore (N.Z.) Ltd, Central Land Holdings Ltd, Orchard Road Holdings Ltd, Queenstown Airport Corporation, Remarkables Park Ltd and Willowridge Developments Ltd be **rejected**.

That the further submissions in support from Armada Holdings Ltd, Infinity Investment Group Ltd, The Hills, Central Land Holdings Ltd, Orchard Road Holdings Ltd, Willowridge Developments Ltd and Queenstown Airport Corporation be **rejected**.

That the original submissions of Housing New Zealand Corporation be **accepted**.

That the original submissions of Bruce and Alison Hebbard be **rejected**.

That the original submissions of Queenstown Hill Developments Ltd and Remarkable Heights Ltd be **accepted in part**. While the premise that financial contributions cannot be required for affordable housing is **rejected**, it is recognised that housing cannot be required as a financial contribution. For the avoidance of doubt the following change is recommended to Appendix 11, Section 2 Part B2:

The Community Housing contribution is expected to:

- a. include vesting with the Community Housing Trust via the Council of land or money that will provide for a fair and reasonable proportion, generally not less than 40% of the total Community Housing contribution to ensure permanent affordability for current and future generations:
 - i. For this 40%, the specific sections of land shall be transferred to the Trust at nil consideration, ~~and any completed housing units if~~ may be agreed shall be and can be transferred to the Trust with the land component of the completed unit at nil consideration, and a price established for the residential portion that enables an eligible Household to reside in the unit by means of rental or regulated ownership. A conversion to cash in lieu of land and equivalent to the value of that land may be negotiated if necessary.

Reason

It is considered that there is scope to address Affordable Housing under the RMA. It comes within the purpose of the RMA and is considered to be resource management issue. It is considered that there is scope to require financial contributions of the RMA but it is acknowledged that the Plan Change can be clearer with regards to the fact that only land or money can be required.

1.4 AH:ETA – requires a change to the RMA?

The Affordable Housing: Enabling Territorial Authorities Bill explicitly states in the explanatory notes that to include the proposed Affordable Housing mechanisms under the RMA would require a change to the purpose of the RMA.

Original Submissions from

Five Mile Holdings Ltd
Glendore (N.Z.) Ltd
Remarkables Park Ltd
Housing New Zealand Corporation

Further submissions in support from

Central Land Holdings Ltd
Orchard Road Holdings Ltd
Willowridge Developments Ltd

Further submissions in opposition from

none

Discussion

Council is of the view that an obligation to consider and avoid, remedy or mitigate a development's effects in terms of housing affordability can be required under the RMA. It is considered that Plan Change 24 can achieve this.

Council has had the benefit of the Chapman Tripp opinion (see note on page 8), and it is now clearer what is likely to have driven the statement in the AH:ETA. It appears to be based on an assumption that the contributions will be set in a way that they achieve a greater community gain than the effect that development generates in terms of the affordability of housing (or, that they do not relate to that effect). This is often the case with inclusionary zoning (where typically a housing development will be required to set aside a set proportion – say 10% - of housing for Affordable Housing). Plan Change 24 establishes a linkage zoning approach where an individual development is asked to consider and mitigate its effects in terms of the affordability of housing. The 'linkage zoning' method is more amenable to the particular circumstances of the Queenstown Lakes District, than may be the case for other Districts.

Previous discussions in this report outline why the Council considers that affordable housing can be addressed through the District Plan,

Submissions of Housing New Zealand, as stated earlier, suggest that the AH:ETA and PC 24 are likely to be complimentary.

Relief Sought

Five Mile Ltd and Glendore (NZ) Ltd seek that the Plan Change 24 be withdrawn in its entirety. Remarkables Park Ltd seek that the Plan Change be withdrawn or that it be amended to address the concerns raised in their submission. Housing New Zealand acknowledges the unique circumstances in the District.

Recommendation

That the original submissions Five Mile Holdings Ltd, Glendore (N.Z.) Ltd, and Remarkables Park Ltd be **rejected**, and the original submission of Housing New Zealand in opposition be **accepted**. That the further submissions in support be **rejected**.

Reason

Council considers that the District Plan can address affordable housing via a linkage method within the legislative realm of the RMA that does not require a change to the RMA. Therefore, there is no need to withdraw or amend the plan change in this regard.

1.5 AH:ETA – relationship to PC24?

Plan Change 24 – Affordable and Community Housing

Issue: The Council should await the Affordable Housing: Enabling Territorial Authorities Bill (or clarify the intended relationship of the Plan Change with this)

Original Submissions from

Armada Holdings Ltd,
Foodstuffs South Island Ltd,
H & J Smith Holdings Ltd Group,
Infinity Investment Group Holdings Ltd
Jacks Point Ltd
Remarkables Park Ltd
Brecon Street Partnership
City Pacific Ltd
Mount Cardrona Station Ltd (the above seek that the Plan Change be consistent with the Bill in its final form)
John Edmonds Associates Ltd
Housing New Zealand Corporation (support the Plan Change and said the Bill would complement the Change.)

Further submissions in support from

Armada Holdings Ltd
Infinity Investment Group Ltd
The Hills Ltd
Central Land Holdings Ltd
Orchard Road Holdings Ltd
Willowridge Developments Ltd

Further submissions in opposition from

Five Mile Ltd (consider the Bill is also flawed)

Discussion

The Affordable Housing Enabling Territorial Authorities is, as its name suggests, an enabling bill. The Council considers it has scope to introduce the mechanisms of PC24 to ensure development considers and mitigates its effects on the affordability of housing under the RMA. It is therefore considered unnecessary to await the Bill at this stage, particularly as it is by no means certain that the Bill will be passed into law.

Housing New Zealand has advised Council in their submission that its efforts with the plan change are likely to be complimentary, in that there is a role for the District Plan to play in the overall provision of affordable housing.

Council have viewed the draft AH:ETA and are of the opinion that Plan Change 24 is consistent with this. Submissions of Housing New Zealand, as stated earlier, suggest that the AH:ETA and PC 24 are likely to be complimentary. It is not considered that there are conflicts or overlaps that are problematic. It can therefore be reasonably assumed that Plan Change 24 will be consistent with the Bill in its final form.

Depending on the outcome of Plan Change 24, the Council may in the future consider using the powers given by the Bill in conjunction or in place of Plan Change 24. However, at present the Council has no reason to believe that the District Plan is not an appropriate vehicle in which to address the issue of housing affordability in the District and therefore it sees no reason to halt Plan Change 24's progress.

Relief Sought

Plan Change 24 – Affordable and Community Housing

Armada Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd and Jacks Point Ltd seek that the Plan Change be withdrawn or cancelled or, in the alternative, that the District Plan is amended to address the issues and resolve the concerns raised in their submissions.

Brecon Street Partnership, City Pacific Ltd and Mount Cardrona Station Ltd seek that the Plan Change be consistent with the Bill in its final form.

Remarkables Park Ltd seek that the Plan Change 24 be placed on hold until the Bill has proceeded through the legislative process.

John Edmonds Associates Ltd sought that the Council clarifies how it intends to address overlaps or conflicts between PC24 and the Bill (should this be enacted in time).

Housing New Zealand Corporation supported the Council advancing the Plan Change (no specific relief stated)

Recommendation

That the submissions of Armada Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd and Jacks Point Ltd be **rejected**.

That the submissions of Brecon Street Partnership, City Pacific Ltd and Mount Cardrona Station Ltd be noted.

That the submission of Remarkables Park Ltd be **rejected**.

That the submission of John Edmonds Associates Ltd be noted, and partly **accepted**.

That the submission of Housing New Zealand Corporation be noted, and partly **accepted**.

Reason

It is considered that Plan Change 24 will remain appropriate even if the Bill is passed. Therefore there is considered to be no reason to await the outcome of the Bill.

1.6 Central or Local Government responsibility?

Issue: Affordable Housing policy is the responsibility of Central Government and not a function of local government.

Original Submissions from

Bruce and Alison Hebbard

Further submissions in support from

Central Land Holdings Ltd
Orchard Road Holdings Ltd
Willowridge Developments Ltd
Remarkables Park

Further submissions in opposition from

none

Discussion

Addressing housing issues is within the powers of territorial authorities under the Local Government Act 2002. Affordable Housing is specifically addresses in the Community Outcomes for the Quesnstown Lakes District, highlighting how important the issue is to the community. It considered appropriate for Council to address the housing affordability problems facing the community (the HOPE strategy established the community's concern and support for the Council to take a lead role in this regard).

The submission of Local Government New Zealand to the Local Government and the Environment Select Committee on the AH:ETA reviewed the responsibilities of local government with regard to the provision of housing, summarised as follows:

1.3 Areas of local government responsibility

- *Local government has roles and responsibilities relevant to housing within its wider purpose of taking a sustainable development approach to community wellbeing now and in the future.*

- *Existing roles and responsibilities of particular relevance to affordable housing include:*
 - *Land and resource planning (for example strategic growth planning, Resource Management Act planning, intensification planning);*
 - *Infrastructure management (water, wastewater, roads, public transport);*
 - *Regulatory consenting functions including building consents and resource consents.*

- *In carrying out their roles and responsibilities at a local level, territorial authorities are involved in a range of housing related activity including:*
 - *Facilitation of other parties who provide housing, for example Housing New Zealand, community housing trusts, retirement housing providers;*
 - *Joint arrangements with other parties to provide housing, for example private developers;*
 - *Direct provision of housing by territorial authorities;*
 - *Advocacy;*
 - *Financial assistance and incentives (e.g. grants);*
 - *Use of planning, regulatory, and consent processes.*

- *There is diversity between territorial authorities as to their degree of involvement in housing issues depending on the community/council priorities, focus, and resources.*

Central Government has supported initiatives by the Council in the area of housing. It provided a match of \$2M in Housing Innovation funds via Housing New Zealand Corporation, to the \$2M generated through Stakeholder Deeds (granted through development in the District) for the launch of the Shared Ownership Programme by the Queenstown Lakes Community Housing Trust.

Relief Sought

Bruce and Alison Hebbard seek that the financial contribution part of the Plan Change be **rejected** or, if this cannot be achieved, the whole Plan Change be **rejected**. The further submitters seek that that the Plan Change be withdrawn or cancelled or, in the alternative, that the District Plan is amended to address the issues and resolve the concerns raised in their submissions.

Recommendation

That the original submission and further submissions in support be **rejected**.

Reason

Addressing housing issues is within the powers of territorial authorities under the Local Government Act 2002 and there is considered to be support for the Council to take a lead role in addressing issues of housing affordability in the District.

1.7 Discretionary Activities?

Issue: Affordable Housing should not apply to discretionary activities. This lacks basis in law and merit.

Original Submissions from

Five Mile Holdings Ltd
Glendore (N.Z.) Ltd
Remarkables Park Ltd

Further submissions in support from

None.

Further submissions in opposition from

None.

Discussion

There is no reason given by the submitters as to why the Plan Change should not apply to discretionary activities aside from the statement that to do so lacks basis in law and merit.

The Council considers that it has the legal basis to ensure that discretionary and non-complying activities mitigate the effect they generate in terms of housing affordability.

There are some points that should be clarified about how the Council intends to implement Plan Change 24 with regards to discretionary and non-complying activities.

The Council resolved in adopting Plan Change 24 for notification that, in the interests of fairness, only development that can not reasonably be expected to be developed 'as of right' should be affected by Plan Change 24. This is largely because many of those owners of land that has zoning that provides some certainty as to the right to develop (via permitted, controlled or restricted discretionary activities) would not have 'factored' in the costs of providing Affordable Housing in developing that land, particularly at the time of acquisition of the land.

The option did exist to limit the application of Plan Change 24 to future plan changes. However, the Council is aware that some significant developments can be authorised by way of granting discretionary and non-complying consents. The Council considers that the applicant for these activities should also be made to consider the effects of these developments or subdivisions in terms of Affordable Housing. The Council would also not

wish to create an incentive to pursue resource consents rather than plan changes in order to achieve development rights.

Lastly, it should be noted that the intention is that it only be the increment in development rights achievable that should be subject to the assessment of Appendix 11.

This may alleviate many people's concerns about the application of Plan Change 24. For example, a development that breaches height limits but in effect does not create extra floorspace as a result will not need to demonstrate how it has avoided, remedied or mitigated the effects on Affordable Housing of the development. If the extra floorspace created is a small amount, it is likely that through the application of the default mitigation rates in Table 3 in Appendix 11, that the result would be less than 0.8 Relative Household Equivalents. If this is the case, no contribution towards Affordable Housing needs to be made.

Relief sought

Five Mile Ltd and Glendore (NZ) Ltd seek that the Plan Change 24 be withdrawn in its entirety.

Remarkables Park Ltd seek that the Plan Change be withdrawn or that it be amended to address the concerns raised in their submission.

Recommendation

That the submissions of Five Mile Ltd, Glendore (NZ) Ltd and Remarkables Park Ltd be **rejected**.

Reason

The Council considers there is basis in law and merit to apply Plan Change 24 to discretionary activities.

1.8 Comprehensive Residential Development?

Issue: Plan Change 24 should not apply to Comprehensive Residential Development rules which are a discretionary activity. These are considered to be anticipated by the Plan.

Original Submissions from

Southern Planning Group

Further submissions in support from

None.

Further submissions in opposition from

None.

Discussion

The Comprehensive Residential Development (CRD) rules are a discretionary activity where it is intended that the consent authority will retain the right to decline consent in instances where it feels the effects of the development are inappropriate. It is therefore not agreed that

there are existing development rights that will be compromised by Plan Change 24. It is appropriate that applications that use the CRD provision consider the effects of development in terms of the affordability of housing.

It is however acknowledged that the words ‘anticipated by the Plan’ should be changed as it could be argued that discretionary activities are anticipated by the Plan. The primary reason for only making plan changes, non-complying and discretionary activities subject to Plan Change 24 is around the fairness of which developments should avoid, remedy or mitigate their effects in terms of housing affordability in accordance with the Plan Change. The change recommended below is to avoid any misunderstanding or misinterpretation.

It should also be noted that in the Council’s HOPE Strategy (which provided the direction for the Council’s subsequent actions to address problems with the affordability of housing), the following was identified:

16. Extend the current assessment criteria for Comprehensive Residential Development in lower density residential areas to include the provision of affordable housing as consideration in whether to grant consent to the development. Improve the implementation of the assessment criteria, to ensure all criteria are assessed. Tie the provision of affordable housing to a suitable retention mechanism.

The intention was clearly signalled here that the Comprehensive Residential Development rules be subject to Affordable Housing considerations. This is considered to be in light of the view that the increase in development rights achievable through the application of these rules above what is permitted in the Low Density Residential Zone facilitates the ability to contribute affordable housing.

Relief sought

Southern Planning Group sought that the Plan Change be withdrawn in its entirety. Alternatively, that the consent authority make such additions amendments or consequential changes to any relevant part of the Plan Change documentation as are necessary to address the issues and concerns raised in its submission.

Recommendation

That the submission of Southern Planning Group be **accepted in part**.

The following change is recommended:

A satisfactory AHIMS need only consider the proposed increase in development above what is ~~currently anticipated by the~~ provided for under the District Plan at time of application though. For example, Permitted, Controlled or Restricted Discretionary activities (unless otherwise stated in the zone provisions that apply to the site) or through existing use rights or the consented baseline. ~~are generally considered as ‘anticipated’ and need not be considered; Plan Changes, Discretionary and Non-Complying activities are not anticipated and must be considered.~~

Reason

Southern Planning Group has made the case that developments utilising the Comprehensive Development Rules should not be subject to affordable housing assessments on the basis that they are ‘anticipated by the Plan’. Officers are of the opinion that these developments

should be subject to these rules but acknowledge that the words ‘anticipated by the plan’ could be misleading and are not the primary reason for distinguishing what developments should be subject to Affordable Housing assessments and mitigation. Rather, it is considered fair that discretionary activities consider their effects in terms of housing affordability. A change is therefore considered appropriate to make the intent of the Plan Change clearer.

1.9 Non-Complying Activities?

Issue: The plan change should not apply to non-complying activities as there is no legal or logical link between breaches of bulk and location and controls such as site density, coverage or unit size with adverse effects on the affordability of housing.

Original Submissions from

Five Mile Holdings Ltd
Glendore (N.Z.) Ltd

Further submissions in support from

None.

Further submissions in opposition from

None.

Discussion

Appendix 11 applies to the increase in floorspace achieved by breaches of density and bulk above what can be achieved by compliance with these requirements. The case is made that when these lead to increase employment space consequently there can be expected to be increases in the number of employees. These employees need to be housed and if there is not suitable housing at a reasonably affordable price for them, the development has contributed to that demand for Affordable Housing. This unmet demand has negative effects for several reasons set out in the Section 32 report. The Plan Change requires that in such instances the effect on housing affordability created be considered and mitigated.

The Council resolved in adopting Plan Change 24 for notification that, in the interests of fairness, only development that can not reasonably be expected to be developed ‘as of right’ should be affected by Plan Change 24. This is largely because many of those owners of land that has zoning that provides some certainty as to the right to develop (via permitted, controlled or restricted discretionary activities) would not have ‘factored’ in the costs of providing Affordable Housing in developing that land, particularly at the time of acquisition of the land.

The option did exist to limit the application of Plan Change 24 to future plan changes. However, the Council is aware that some significant developments can be authorised by way of granting discretionary and non-complying consents. The Council considers that applicant for these activities should also be made to consider the effects of these developments or subdivisions in terms of Affordable Housing. The Council would also not wish to create an incentive to pursue resource consents rather than plan changes in order to achieve development rights.

Lastly, it should be noted that only the increment in development rights achievable are intended to be subject to the assessment of Appendix 11.

This may alleviate many people's concerns about the application of Plan Change 24. For example, a development that breaches height limits but in effect does not create extra floorspace as a result will not need to demonstrate how it has avoided, remedied or mitigated the effects on Affordable Housing of the development. If the extra floorspace created is a small amount, it is likely that through the application of the default mitigation rates in Table 3 in Appendix 11, that the result would be less than 0.8 Relative Household Equivalents. If this is the case, no contribution towards Affordable Housing needs to be made

Relief sought

Five Mile Ltd and Glendore (NZ) Ltd seek that the Plan Change 24 be withdrawn in its entirety.

Recommendation

That the submissions of Five Mile Holdings Ltd Glendore (N.Z.) Ltd be **rejected**.

Reason

Officers consider that non-complying activities should consider their effects in terms of Affordable Housing. There is a logical link between an increase in development achieved and increasing effects on the affordability of housing.

1.10 Ownership as an RMA issue?

Issue: Private property rights or ownership are not relevant resource management issues.

Original Submissions from

Remarkables Park Ltd

Further submissions in support from

None.

Further submissions in opposition from

None.

Discussion

The Resource Management Act plays a role in defining the extent of private property rights. This is generally on the basis of the effects of land use beyond a site and the need in some cases to control what happens on a site in order to avoid, remedy or mitigate these effects. Plan Change 24 establishes that development that does not provide Affordable Housing has effects beyond the site that are borne by the wider community and that these effects need to be avoided, remedied or mitigated.

It should be noted that the methodology for mitigating a development's effects established in Appendix 11 is not specific as to the tenure that Affordable Housing provided by a development should be (i.e. it can be rental or ownership).

The submitters are invited to explain their concern with regards to this submission point should they present at the hearing.

Relief sought

Remarkables Park Ltd seek that the Plan Change be withdrawn or that it be amended to address the concerns raised in their submission.

Recommendation

That the submissions of Remarkables Park Ltd be **rejected**.

Reason

PC24 does not require a specific type of tenure.

1.11 Inclusionary Zoning?

Issue: Council should consider pursuing inclusionary zoning.

Original Submissions from

Five Mile Holdings Ltd
Glendore (N.Z.) Ltd

Further submissions in support from

none

Further submissions in opposition from

none

Discussion

Inclusionary zoning (whereby a set proportion of housing is delivered as affordable housing) would run the risk of establishing formulas that requires an amount of affordable housing to be delivered in housing developments that does not relate to the effects the development has in terms of the affordability of housing .

Plan Change 24 sets up a mechanism whereby the demand for affordable housing created by an individual development (via the number of and income profile of employees the end use will require) to be assessed and provided. This is the type of approach which is typically called 'linkage zoning'. This approach explains why the suggested affordable housing mitigation rates in Table 3 of proposed Appendix 11 are higher for commercial uses such as visitor accommodation than others such as housing. This is because more employees are needed to support land uses such as Visitor Accommodation compared to housing.

Being able to establish this direct effect of a development is considered important in an RMA context. Inclusionary zoning typically targets a set proportion of housing to be Affordable Housing. While this approach is simpler, it will typically require higher amounts of housing delivery than that that is required to mitigate the effect of the individual housing development in terms of the demand for housing that it creates (via employees).

Relief sought

Five Mile Ltd and Glendore (NZ) Ltd seek that the Plan Change 24 be withdrawn in its entirety.

Recommendation

That the submissions of Five Mile Holdings Ltd Glendore (N.Z.) Ltd be **rejected**.

Reason

Inclusionary zoning has been considered but is not deemed to be an appropriate mechanism.

2.0 APPROPRIATENESS OF COUNCIL'S APPROACH TO AFFORDABLE HOUSING

2.1 Is there enough zoned land?

Issue: The Council should concentrate on zoning sufficient amounts of land for housing, which will make house prices affordable and enable the market to continue to deliver Affordable Housing.

Original Submissions from

Central Land Holdings Limited
Ladies Mile Partnership Ltd (Council should consider new Greenfield areas beyond current urban limits)
Orchard Road Holdings Ltd
Queenstown Airport Corporation
Willowridge Developments Ltd

Further submissions in support from

Central Land Holdings Ltd
Orchard Road Holdings Ltd
Willowridge Developments Ltd

Further submissions in opposition from

Glendore (NZ) Ltd (opposed Ladies Mile Partnership's submission, but supports the contention that the market will deliver Affordable Housing)
Five Mile Ltd (while supports the supply of residential land, there are other planning matters to consider. Opposes extension of Urban Growth Boundary).

Discussion

The Council has for several years run on a six-monthly basis the Dwelling Capacity Model. This model assesses the availability of greenfield land zoned for housing and in some cases infill and redevelopment potential. It makes assumptions as to the density land can realistically be developed to (such as discarding roads and reserve contributions and recognising site constraints).

In the January 2008 run of the dwelling capacity model, it was estimated that there is capacity for around 22,500 houses in the District (excluding the Rural General Zone). This compares to around 12,100 existing dwellings.

Even discarding the more remote or unlikely areas for housing development (for example it becomes apparent that much of the estimated capacity of 4643 dwellings in the Rural Visitor Zone is not in areas close to current urban areas) it becomes apparent that the ratio of potential housing to existing housing remains very high by common measures.

It is noted that in some areas (particularly Queenstown), a high proportion of the land zoned for housing is owned by only a few owners. For example, land for 1522 potential homes out of an estimated total of 1840 potential homes in Kelvin Heights is calculated to be one ownership. The remaining capacity for 1701 homes in the Remarkables Park zone rests in

one ownership. There still however remains a large amount of housing outside of these ownerships. This has been the case for many years and there has been little evidence of housing being delivered at prices considered affordable for local incomes.

It is sometimes suggested that there is a shortage of low density residential housing in the Wakatipu area. The January 2008 run of the Dwelling Capacity Model suggests that there remains land for 4011 homes in the low-density zones in the Wakatipu area (including the medium density and Queenstown Heights sub-zones). This compares with the existing 4959 existing homes. This does not include Remarkables Park and Jacks Point where there is the potential for significant numbers of homes of a low density nature.

Even if large land ownerships such as that in Kelvin Heights are removed, there remains a significant amount of land available for low density housing.

It is considered that this is evidence that it is not a shortage of zoned land for housing that is causing problems in the affordability of housing in the District. Rather, it is clear that insufficient housing is being delivered at prices that are affordable to workers in the District. Zoning more land would not guarantee that housing would be delivered at such prices.

It should also be noted that the above assessment is only around low density housing. It is also considered that higher density housing is an appropriate type of housing for many people. It is the Council's view that there needs to be a range of housing choices for people and that higher densities can often be suitable for people's circumstances (and can often be delivered at lower costs than low density housing).

Even if there were a shortage of low density housing, zoning significantly more land on the premise that there is a need for more low density housing would raise concerns for the Council in many areas (such as the in Wakatipu). The Council intends that future development be consistent with the Growth Strategy for the Queenstown Lakes District. In that document, the Council identified the community's desire to place limits on the extent of urban sprawl in the District. This approach was supported by the view that intensified urban land use may be necessary to avoid the implications of sprawl, particularly in landscape terms (which is the underpinning attraction of the tourist-led economy). The Transport Strategy proceeded on the premise of urban containment in accordance with the growth strategy. The deviation of planning policy along the premise that increasing the supply of land for housing will lower the price of housing would have a multitude of negative social, economic and environmental effects which it is argued would outweigh any benefits that may be incurred.

It is therefore considered that Plan Change 24 is an important and necessary means in which to address the problems of housing affordability in the District.

Relief sought

Ladies Mile Partnership seek the addition of a policy to Objective 1 that seeks to promote the establishment of Affordable Housing within new urban areas that can provide for the social and economic needs of the District's residents. It also seeks that Policy 1, Objective 2 be deleted. It seeks that the consent authority makes any further changes to address issues raised in its submission.

Central Land Holdings Ltd, Orchard Road Holdings Ltd, Willowridge Developments Ltd seek either that the Plan Change is cancelled or that Appendix 11 be deleted and the Council focus on zoning sufficient amounts of land for housing.

Queenstown Airport Corporation seek that QLDC should ensure that adequate supplies of residential zoned land with relaxation of densities in appropriate locations to encourage the market to develop Affordable Housing. This should not be taken as read that QAC is supportive of such an approach in close proximity to the Queenstown Airport where such uses would be subject to the adverse effects that occur from Airport operations.

Recommendation

That the submissions of Ladies Mile Partnership, Central Land Holdings Ltd, Orchard Road Holdings Ltd, Willowridge Developments Ltd and Queenstown Airport Corporation be **rejected**.

That the further submissions in support be **rejected**.

That the further submissions in opposition be **accepted in part**, the part that is **accepted** relating to opposition to the automatic inclusion of greenfields sites for affordable housing, and the part that is **rejected** related to the contention that the market will deliver Affordable Housing without a regulatory response.

Reason

The Council will continue to monitor the amount of residential land available and consider rezonings if these are considered appropriate, in accordance with the District Plan. It is considered that Plan Change 24 is necessary as there it can be demonstrated that the issue of sufficient zoned land is not a key driver of the housing affordability problem in the District but that there is a need for mechanisms to ensure that development delivers Affordable Housing.

2.2 Does PC24 discourage new business?

Issue: The Council should be encouraging new businesses. Plan Change 24's linkage zoning approach unfairly targets businesses and will discourage new businesses from establishing in the District.

Original Submissions from

Central Land Holdings Limited
Orchard Road Holdings Ltd
Queenstown Airport Corporation
Southern Planning Group (concern that businesses will move or pass on costs to consumers)
Willowridge Developments Ltd

Further submissions in support from

Central Land Holdings Ltd
Orchard Road Holdings Ltd
Willowridge Developments Ltd

Further submissions in opposition from

None

Discussion

One of the key drivers of Plan Change 24 is the recognition that business is suffering or at risk from a lack of affordable housing. This problem manifests itself in a number of ways. The high cost of living (particularly housing) makes recruitment difficult or impossible, stifling the growth or establishment of businesses. The Queenstown Labour Market Analysis (November 2007) confirmed the concern of the business community with regards to this issue. Many people leave the district or choose not to move to the District due to the high cost of home ownership. This view was found to be widespread in the Queenstown Labour Market Analysis (November 2007). Many of these people could start businesses or contribute to businesses.

It follows that businesses are amongst those that will be set to benefit the most from the increasing supply of affordable housing. It is therefore considered entirely appropriate that businesses purchasing or leasing property bear some of the cost of providing this housing. Many businesses will be able to benefit from worker housing that has retention mechanisms that ensure that their business has the first right of refusal on whether their staff should have access to the housing. There is no reason (or any requirement in PC24) that the cost of delivering affordable housing be so significant as to make a business unviable. As discussed under issues 5.2 & 5.3, PC24 seeks to tie the requirement to deliver affordable housing at the stage of land development when zoning densities are first set, when the costs to subsequent users of the zoned land are minimal.

It is important to note that the Plan Change is designed to ensure that the mitigation undertaken to address housing affordability is proportionate to the effect of the development. Not undertaking the Plan Change would risk the problem of housing affordability worsening with the associated negative consequences for businesses.

Southern Planning Group's concern that businesses may move or pass on their costs to consumers is not agreed with. The Plan Change has been structured in such a way so as to enable the costs of providing Affordable Housing to be absorbed within the development process. This matter is further discussed in response to other submissions.

Relief sought

Central Land Holdings Limited, Orchard Road Holdings Ltd, Queenstown Airport Corporation and Willowridge Developments Ltd seek that that the Plan Change is cancelled or that Appendix 11 be deleted and the Council focus on zoning sufficient amounts of land for housing

Southern Planning Group sought that the Plan Change be withdrawn in its entirety. Alternatively, that the consent authority make such additions amendments or consequential changes to any relevant part of the Plan Change documentation as are necessary to address the issues and concerns raised in its submission.

Recommendation

That the submissions and further submissions of Central Land Holdings Limited, Orchard Road Holdings Ltd, Queenstown Airport Corporation, Southern Planning Group and Willowridge Developments Ltd are **rejected**.

Reason

Officers consider that an increase in Affordable Housing will be of benefit to businesses. It is considered appropriate that development consider and mitigate its effects on the affordability of housing, rather than these effects be borne by the wider community.

2.3 Responsibility – to rest with those creating new employment?

Issue: The obligation to provide Affordable Housing should not be the sole responsibility of residential property and commercial developers. It should apply to those creating new employment.

Original Submissions from

Remarkables Park Ltd

Further submissions in support from

none

Further submissions in opposition from

none

Discussion

Businesses are the entities most likely to create new employment. Businesses utilise real estate, in the form of offices, retail spaces, and other forms, whether leased or purchased, to conduct their business. Therefore, PC24 does apply to those creating new employment, presuming those new businesses are utilising offices arising from new development.

PC 24 has only ever been promoted as part of the affordable housing solution. Council has clearly articulated that PC24 was only designed to address the portion of the affordability problem associated with the increment of growth, not the existing, pent-up demand for affordable housing.

New employment usually occurs either by an existing business expanding, or a new business starting. Both types of expansion, and increase in employment are likely to correspond with an increase in the need for physical space to accommodate that expansion, which results in expanded commercial premises for the business, and employees needing to secure accommodation. Thus, increases in employment lead to consumption of both commercial and residential space, which is the point of intervention of the affordable housing policy.

Relief sought

Remarkables Park Ltd seek that the Plan Change be withdrawn or that it be amended to address the concerns raised in their submission.

Recommendation

That the submissions of Remarkables Park Ltd be **rejected**.

Reason

Officers consider that businesses generating new employment will both benefit from, and contribute in an equitable way to, the affordable housing generated through PC24.

3.0 THE AHIMS METHODOLOGY

3.1 Double counting of jobs?

Issue: Methodology of Appendix 11 - Jobs created can be double counted by residential and commercial development.

Original Submissions from

Armada Holdings Ltd
Foodstuffs South Island Ltd
H & J Smith Holdings Ltd Group
Infinity Investment Group Holdings Ltd
Jacks Point Ltd

Further submissions in support from

Armada Holdings Ltd
Infinity Investment Group Ltd
The Hills Ltd
Remarkables Park Ltd

Further submissions in opposition from

none

Discussion

The methodology relating to this query can be found in the “Affordable and Community Housing - Demand, Allocation and Implementation Report” by Rationale Ltd, provided as Attachment 1 to the PC24 Section 32 report. The following excerpt from the above report explains the process for allocating new jobs to each land uses/industry sector (Residential, visitor accommodation, Commercial Intensive, Commercial Large). The key points are:

- There is not doubling counting of jobs. Each job is apportioned by fractions to a land use type(s) however each job is only counted once.
- The methodology links both direct and indirect demand to a development.

2.2 *Allocation of the Demand*

The aim in allocating the demand is to show a clear nexus between the demand for affordable housing and development. The approach taken here is to consider both direct and indirect demand for affordable housing created by a development. The key point to note is that the demand is not only about the jobs created (requiring affordable housing) within the development (direct demand), but also about the demand for jobs created at a community level, to service the development (indirect demand).

Direct demand created by a given development is the demand for affordable housing contained within the development. An example of purely direct demand is visitor accommodation. Here jobs are created only to service the visitor sector and therefore these jobs are internalised to the visitor sector.

Indirect demand is the affordable housing generated by jobs required to service the development, beyond the development itself and at a community wide level. An example

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of indirect demand is food and beverage services (a commercial development). Here the demand for affordable housing is generated by the commercial sector, visitor sector and the residential sector as these land uses all have a need for this activity. Therefore a mix of both direct and indirect demand has been generated by this activity.

2.2.1 Assessing Affordable Housing Demand for a Subdivision or Development

To apportion the future demand for affordable housing across the different land use categories a differential model was developed. The differential model enables the demand for affordable housing from mixed use subdivisions and developments to be assessed. Residential and non-residential activities can be described using a common unit of demand, being an affordable housing unit.

1. Employment and Income by Industry Sector

It is necessary to understand the number of employees in each industry sector and their relative income. From this the demand for affordable housing by business sector can be assessed. For this step Stats NZ Census 2006 data supplied the number of employees by industry sector and by income bracket.

Employees in this data are assigned to different land uses for both direct and indirect demand.

2. Land Use Category Weighted by Income and Employee Number

Step 1 provides the total number of employees by income bracket for each land use. This enables the total number of employees in the district to be assigned to a land use and income bracket. This also provides a weighted average income for each land use which will be used in step 6 below.

3. Assign Employees to Land Use

As described in section 2.2, direct and indirect demand is to be assessed. The approach taken is to assign direct and indirect demand to the residential land use only. This assigns more employees to the residential land use. Direct demand has been applied to for commercial and accommodation land uses initially. The direct employment assigned to the commercial land use is then reduced to reflect the increase in indirect employment assigned to the residential land use. The accommodation land use remains as direct demand as the residential land use has had little impact of the demand for accommodation related employment.

Relief sought

Armada Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd and Jacks Point Ltd seek that the Plan Change be withdrawn or cancelled or, in the alternative, that the District Plan is amended to address the issues and resolve the concerns raised in their submissions.

Recommendation

That the submissions and further submissions of Armada Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd, Jacks Point Ltd, The Hills Ltd, and Remarkables Park Ltd be **rejected**.

Reason

The demand allocation method used in PC24 appropriately handles the issue of how jobs are accounted for.

3.2 Are multiple part time jobs counted?

Issue: Methodology of Appendix 11 does not account for multiple part time jobs held by individuals

Original Submissions from

Armada Holdings Ltd
Foodstuffs South Island Ltd
H & J Smith Holdings Ltd Group
Infinity Investment Group Holdings Ltd
Jacks Point Ltd

Further submissions in support from

Armada Holdings Ltd
Infinity Investment Group Ltd
The Hills Ltd
Remarkables Park Ltd

Further submissions in opposition from

none

Discussion

See above in issue 3.1. The differential model does account for part time and/or multiple jobs.

Relief sought

Armada Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd and Jacks Point Ltd seek that the Plan Change be withdrawn or cancelled or, in the alternative, that the District Plan is amended to address the issues and resolve the concerns raised in their submissions.

Recommendation

That the submissions Armada Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd and Jacks Point Ltd be **rejected**.

Reason

The demand allocation method used in PC24 appropriately accounts for part time and/or multiple jobs.

3.3 Handling change of use

Issue: Only the increase in Affordable Housing demand should be considered when the resource consent application is for a change of use (or clarification on how the policy will apply in changes of use sought).

Original Submissions from

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Armada Holdings Ltd
Foodstuffs South Island Ltd
H & J Smith Holdings Ltd Group
Infinity Investment Group Holdings Ltd
Jacks Point Ltd
John Edmonds Associates Ltd. (Particularly note the scenarios suggested by this submitter)
Southern Planning Group Ltd (seeks clarification on the matter in the text of the Plan Change)
Millbrook Country Club Ltd (only the aggregate effect of a development above what is anticipated by the Plan should be considered)

Further submissions in support from

Armada Holdings Ltd
Infinity Investment Group Ltd
The Hills Ltd
Remarkables Park Ltd

Further submissions in opposition from

None

Discussion

It is agreed that only the increase in affordable housing demand should be considered in instances of change of use.

This issue has been addressed in the Plan Change as notified with the following statement:

A satisfactory AHIMS need only consider the proposed increase in development above what is currently anticipated by the District Plan. For example, Permitted, Controlled or Restricted Discretionary activities are generally considered as 'anticipated' and need not be considered; Plan Changes, Discretionary and Non Complying activities are not anticipated and must be considered.

However, it is considered that the wording of this paragraph should be altered to more clearly outline how this should be interpreted (note the change recommended below).

The following scenarios are raised by John Edmonds Associates with clarification sought. Responses follow:

Question: A multi-unit development stages multiple land-use changes over time. Will each single stage be assessed for an Affordable Housing contribution or will the cumulative land-use change (over time) get assessed at each separate stage? It needs to be outlined how the Affordable Housing assessment is undertaken if this scenario takes place.

Response: Each stage where a resource consent is made will need to be assessed on their own basis.

Question: In the case of land-use activities established before the PC24, if a partial or full land use change takes place on the development, will PC24 take affect? An example might be: a long term established residential apartment building may change some units to visitor

accommodation. It is important to state whether established developments and land-use changes within these particular developments need an Affordable Housing assessment:

Answer: If the land-use change requires a discretionary or non-complying resource consent, or a plan change, the increase in Affordable Housing demand will need to be assessed.

Question: If visitor accommodation units are substituted for residential apartments would the Affordable Housing units be surrendered too? As an example, affordable houses are attached to the property as a covenant. The covenant was originally assessed with visitor accommodation as the land-use (i.e. greater Affordable Housing contribution than residential). If this development covenanted to residential land use will this covenant be adjusted and affordable houses surrendered?

Answer: Plan Change 24 provides for three types of Affordable Housing solutions. The first of these is described as 'supply side' affordable housing. The only ongoing control around these is likely to be that they cannot be used for visitor accommodation (which in some cases may be enforced via a covenant). It is likely that this expectation will remain – it seems difficult to foresee scenarios where the owner would want to convert the visitor accommodation to residential but then convert the Affordable Housing to visitor accommodation.

Secondly, there is housing that is to be subject to a covenant (as alluded to in the submitter's example). The HOPE Strategy Part C: Retention Mechanisms provided the following guidance:

Part C: RETENTION MECHANISMS

The following provides a range of possible options for retaining affordable housing units as Community Housing for use by current and future generations of low and moderate income households.

Appropriate mechanism(s) shall be determined as set forth in the Mitigation Plan portion of the Affordable Housing Impact and Mitigation Statement (AHIMS), or on a case by case basis, quantifying the amount and timing of the Community Housing contribution, to the satisfaction of the Council.

*One or more of the following mechanisms **may** be used for Affordable Housing, but **must** be used for Community Housing:*

- a. A covenant supported by a Memorandum of Encumbrance registered against the title to the land (prescribing the method of computation of resale value; rental levels; dedicated use as resident/family housing or seasonal worker/employee housing; and/or eligibility of occupiers, and a means of enforcement of those covenants) as **accepted** by the Council, in favour of the Council and Community Housing Trust;*
- b. Vesting housing with the Community Housing Trust as evidenced by an Agreement for Sale and Purchase between the Developer and the Trust for specific sections and/or completed housing units, or, if agreed by the Trust, administration by the Trust, as evidenced by a binding legal agreement between the landowner and the Trust.*

...

Council is progressing further work on sample covenant documents. This is a matter that can be resolved at the implementation stage.

The third type of Affordable Housing provision provided for is the delivery of housing at nil-consideration to the Community Housing Trust. It is not foreseen that there will be recourse for the return of this housing once ownership is vested with the Trust.

The Council will consider arrangements of ‘exchangeable credits’ whereby a new development could purchase its requirement of Affordable Housing from another that no longer requires them. The Council will develop such policy in full when the system for Affordable Housing contributions is established and examples such as these are emerging. Covenants evidencing an amount of housing provided at a given location would form the basis for such ‘exchangeable credits’.

Relief sought

Armada Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd and Jacks Point Ltd seek that the Plan Change be withdrawn or cancelled or, in the alternative, that the District Plan is amended to address the issues and resolve the concerns raised in their submissions.

John Edmonds Associates Ltd seek that the Council include a statement such as ‘*Only the discretionary or non-complying aspect of a development is to be assessed for an affordable housing contribution, NOT the development as a whole. The part of a development to be assessed excludes any part that would be permitted, controlled or restricted discretionary*’ or similar wording.

Southern Planning Group sought that the Plan Change be withdrawn in its entirety. Alternatively, that the consent authority make such additions amendments or consequential changes to any relevant part of the Plan Change documentation as are necessary to address the issues and concerns raised in its submission.

Millbrook Country Club Ltd seek that only the aggregate effect of a development above what is anticipated by the Plan should be considered.

Recommendation

That the submissions of Armada Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd and Jacks Point Ltd are **accepted in part**.

That the submission of John Edmonds Associates Ltd is **accepted** (although alternative wording is proposed)

That the submission of Southern Planning Group is **accepted in part**.

That the submission of Millbrook Country Club Ltd is **accepted**.

That the further submissions in support be **accepted**.

The following change is recommended:

A satisfactory AHIMS need only consider the proposed increase in development above what is ~~currently anticipated by the~~ provided for under the District Plan at time of application though. For example, Permitted, Controlled or Restricted Discretionary activities (unless otherwise stated in the zone provisions that apply to the site) or through existing use rights or the consented baseline. ~~are generally considered as ‘anticipated’ and need not be considered; Plan Changes, Discretionary and Non-Complying activities are not anticipated and must be considered.~~

Reason

It is considered that this was the intent of the Council when this Plan Change was notified. It is considered that the amended paragraph should ensure that Appendix 11 is applied in a way that is consistent with the relief sought by the submitters.

3.4 Unknown quantum of floorspace at time of application

Issue: How are Affordable Housing contributions to be calculated in subdivisions when the exact amount of residential floorspace to be provided is unknown?

Original Submissions from

Armada Holdings Ltd
Foodstuffs South Island Ltd
H & J Smith Holdings Ltd Group
Infinity Investment Group Holdings Ltd
Jacks Point Ltd

Further submissions in support from

Armada Holdings Ltd
Infinity Investment Group Ltd
The Hills Ltd
Remarkables Park Ltd

Further submissions in opposition from

None.

Discussion

It is acknowledged that the Plan Change could be clearer on this issue.

With residential subdivision, the assumptions used for development contributions are considered appropriate. These are an assumption of a house at 143 m² per section unless there is information to suggest that this should be otherwise in the planning provisions. This situation would clearly be different with higher density housing (particularly where unit titles are expected to be) and other uses (where reasonable assumptions will need to be made).

Generally, it is considered that with non-residential uses the application of Affordable Housing will be less likely to be at the subdivision stage. This is because with new zones it is expected that there will usually be another resource consent stage where the development can be more appropriately assessed (where more detail is available on built form via an outline development plan or resource consent for an individual building).

The change recommended below is considered to provide further guidance on this matter.

Appendix 11 cannot prescribe every scenario and discussions and negotiations will often be necessary.

As new plan changes come forward they may be more explicit in describing how such issues may be addressed in assessing housing affordability effects given the planning provisions of the area subject to the Plan Change.

Relief sought

Armada Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd and Jacks Point Ltd seek that the Plan Change be withdrawn or cancelled or, in the alternative, that the District Plan is amended to address the issues and resolve the concerns raised in their submissions.

Recommendation

That the submissions of Armada Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd and Jacks Point Ltd be **accepted** in that further guidance be given on this matter.

That the further submissions in support be **accepted**.

Add after Table 3 in Appendix 11:

[If the AHIMS is to be undertaken at the time of subdivision, reasonable assumptions as to the likely amount of floor area when the subject area is developed in full will need to be made. With respect to residential subdivisions for detached housing, a default assumption of one 143 m2 dwelling per section will be acceptable in the absence of more definitive information being available.](#)

Reason

It is considered appropriate that extra information that will provide for the application of Table 3 be made available.

3.5 Rounding

Issue: Clarification around rounding issues needed.

Original Submissions from

John Edmonds Associates Ltd

Further submissions in support from

None.

Further submissions in opposition from

None.

Discussion

Officers are agreeable to changes to the text of Appendix 11 that facilitate its clearer understanding and ensure its appropriate application. Rounding will inevitably occur as the AHIMS is prepared; the AHIMS Calculator that Council has made available rounds up whenever a number is .5 or greater, and rounds down in other cases. Council is more concerned that the order of magnitude intended through the PC24 provisions is met, rather

than to incur lengthy debates about rounding. The submitters are invited to explain further why a change in this regard would be appropriate at the hearing.

Relief sought

That the Council makes a clear statement within Plan Change 24 to ensure numeric 'rounding' occurs after the threshold of 0.8 Relative Household Equivalents is passed.

Recommendation

That the submission of John Edmonds Associates Ltd be **rejected**. Rather the matter can be reconsidered at the hearing should the submitter provide further explanation as to why this may be a necessary change.

3.6 Are the mitigation differentials correct?

Issue: Reservations about the mitigation rates of the different land uses as suggested in Table 3 of Appendix 11.

Original Submissions from

Peninsula Rd Ltd (does not believe the commercial accommodation sector exasperates housing affordability more than any other activity providing employment). Remarkables Park Ltd (considers that applying Table 3 of Appendix 11 to some large format retail could result in more Affordable Housing units than employees)

Further submissions in support from

None.

Further submissions in opposition from

None.

Discussion

The mitigation rates suggested in Table 3 are based on the report Affordable and Community Housing – Demand, Allocation and Implementation as produced for the Council by Rationale Ltd. This report set out the default mitigation rates as established via a robust survey and model. The report is a supporting document to the Section 32 Report and submitters are directed to this report for a detailed understanding of how the mitigation rates were calculated.

Peninsula Rd Ltd are invited to provide evidence as to why they consider the mitigation rates of visitor accommodation are inappropriate at the hearing.

It is recognised that there will be situations where it may be demonstrable that the mitigation rates suggested in Table 3 are not appropriate for the circumstances of a proposed development. For this reason, the alternative method for undertaking an AHIMS assessment is outlined in Appendix 11 and the option is given for an applicant to carry out such an alternative assessment. Such a situation may alleviate the concerns raised by Remarkables Park Ltd.

Relief sought

Peninsula Road sought that the Plan Change be amended to address the concerns raised in its submission.

Remarkables Park Ltd sought that the Plan Change be withdrawn or be amended to address the issues raised in its submission.

Recommendation

That the submissions of Remarkables Park and Peninsula Rd Ltd be **rejected**.

Reason

It is considered that the mitigation rates are underpinned by sound analysis and that there is sufficient scope for alternative assumptions if these mitigation rates are found to be not appropriate for the individual circumstances of a development.

3.7 Does the AHIMS account for other public benefits/facilities offered?

Issue: Public benefits such as educational benefits, schools, parks, golf courses etc should be factored into the AHIMS process.

Original Submissions from

Remarkables Park Ltd

Further submissions in support from

None.

Further submissions in opposition from

None.

Discussion

It is widely accepted that a number of public benefits can and should be achievable from development. It is not considered that these mitigate the effects that development can have on the affordability of housing. Officers can appreciate that a developer may want to have Council view a 'total package' of community benefits that the development may offer; the stakeholder deed process has been a successful tool for such matters.

Relief sought

Remarkables Park Ltd sought that the Plan Change be amended to address the concerns raised in its submission.

Recommendation

That the submission of Remarkables Park Ltd be **rejected**.

Reason

Public benefits such as those suggested do not mitigate a development's effects on the affordability of housing.

3.8 AHIMS Approval

Issue: Who approves an AHIMS? Can this be approved prior to lodging a resource consent or subdivision application? This should be clarified in the Plan Change.

Original Submissions from

Southern Planning Ltd

Further submissions in support from

Five Mile Ltd

Further submissions in opposition from

None.

Discussion

The Council will approve an AHIMS. The recourse is available for applicants to appeal conditions of resource consent and subdivision consent to the Environment Court. Similarly, provisions in Plan Changes (if applicable) can be appealed to the Environment Court.

With respect to resource consent and subdivision applications, it is intended that the Council will be able to approve AHIMS calculations prior to consent, and this approval can be provided in writing (subject to the application being consistent with the information supplied and there being no Plan Change affecting the AHIMS methodology prior to application).

With respect to Plan Changes, the Council will either reach a legally binding agreement outside the Plan, consistent with the AHIMS methodology, or the Affordable and Community Housing provisions will be established in the provisions of the Plan Change. These will then be subject to the consultation procedures of Schedule 1 of the RMA.

Depending on the outcomes of the PC24 hearing and decision processes, Council may be able to provide greater clarity on whether the AHIMS can be 'signed off' through either the Policy or Consents teams, prior to submission with a resource consent application.

Relief sought

Southern Planning Group sought that the Plan Change be withdrawn in its entirety. Alternatively, that the consent authority make such additions amendments or consequential changes to any relevant part of the Plan Change documentation as are necessary to address the issues and concerns raised in its submission.

Recommendation

That the submission of Southern Planning Group and further submission of Five Mile Ltd be **rejected**.

Reason

It is considered this is an issue for application of the Plan Change and amendments are not required to the Plan Change.

3.9 Contribution rates to vary by area of the District?

Issue: Methodology of Appendix 11 – Different parts of the District should have different contribution rates as their market dynamics are different.

Original Submissions from

Armada Holdings Ltd
Central Land Holdings Ltd
Foodstuffs South Island Ltd
H & J Smith Holdings Ltd Group
Infinity Investment Group Holdings Ltd
Jacks Point Ltd
Willowridge Developments Ltd (observes that there is more land available for residential development in the surrounding areas of Wanaka such as Hawea and Luggate)

Further submissions in support from

Armada Holdings Ltd
Infinity Investment Group Ltd
The Hills Ltd
Remarkables Park Ltd

Further submissions in opposition from

None.

Discussion

In the process of drafting the AHIMS methodology this possibility was explored. It was originally thought likely that the mitigation rates would be different for the Wanaka Ward than the Wakatipu Ward. However, the figures on demand for different land uses showed there to be negligible differences, so it was decided that different figures for different parts of the District were not necessary.

Nevertheless, Appendix 11 clearly states that if it is felt that the mitigation rates provided in Table 3 are not appropriate for the individual circumstances of the proposed development or subdivision, alternative affordable housing provision may be accepted.

An explanation of how the mitigation rates in Table 3 of Appendix 11 were calculated can be seen in the supporting document to the Section 32 report: Affordable and Community Housing – Demand, Allocation and Implementation.

Willowridge Development suggest that the market dynamics are considerably different in Wanaka as there is considerable land available in the surrounding areas of Wanaka such as Luggate and Hawea. It is agreed that there is sufficient land in these areas but the Dwelling Capacity Model indicates there is sufficient land in Wanaka in itself and the Wakatipu, but the fact is that an affordability problem remains. The submitter's observations suggest that the

requirements of Plan Change 24 should be easier to meet for developments in Luggate and Hawea than other parts of the District.

Relief sought

Armada Holdings Ltd, Central Land Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd and Jacks Point Ltd seek that the Plan Change be withdrawn or cancelled or, in the alternative, that the District Plan is amended to address the issues and resolve the concerns raised in their submissions.

Willowridge Developments Ltd seek that Plan Change 24 be **rejected** and instead that the Council concentrate on ensuring there is sufficient amounts of land zoned for housing.

Recommendation

That the submissions of Armada Holdings Ltd, Central Land Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd, Jacks Point Ltd and Willowridge Developments Ltd be **rejected**.

That the further submissions in support be **rejected**.

Reasons

The Council's analysis has shown that the mitigation rates shown in Table 3 are appropriate, while Appendix 11 provides for alternative assessments in line with the individual circumstances of a development.

The Council regularly monitors whether there is sufficient land available for housing. It has been found that additional District Plan mechanisms are appropriate.

3.10 AHIMS too prescriptive?

Issue: Appendix 11 is too prescriptive for the variable nature of Affordable Housing. Particularly, the assumed demand in Table 3 of section 2 is not appropriate.

Original Submissions from

Central Land Holdings Ltd
Orchard Road Holdings Ltd
Willowridge Developments Ltd

Further submissions in support from

None.

Further submissions in opposition from

None.

Discussion

Appendix 11 has been deliberately written to provide flexibility for different circumstances. Table 3 is only a guide. Contributors can either provide this level or offer an alternative assessment in accordance with the methodology outlined in Appendix 11.

Relief sought

Central Land Holdings Ltd, Orchard Road Holdings Ltd, Willowridge Developments Ltd seek either that the Plan Change is cancelled or that Appendix 11 be deleted and the Council focus on zoning sufficient amounts of land for housing.

Recommendation

That the submissions of Central Land Holdings Ltd, Orchard Road Holdings Ltd, Willowridge Developments Ltd be **rejected**.

Reason

In accordance with Appendix 11 alternative assessments are available to applicants if they consider that the circumstances of their development make the application of Table 3 inappropriate.

3.11 Activity status not known at time of application?

Issue: Certainty of end uses is often not known at the time of application, making the application of Appendix 11 difficult or impossible.

Original Submissions from

Central Land Holdings Ltd
Orchard Road Holdings Ltd
Willowridge Developments Ltd

Further submissions in support from

Armada Holdings Ltd
Infinity Investment Group Ltd
The Hills Ltd
Central Land Holdings Ltd
Orchard Road Holdings Ltd
Willowridge Developments Ltd

Further submissions in opposition from

None.

Discussion

Activities intended for a site need to be known at the time of application for a resource consent. The default mitigation rates in Table 3 of Appendix 11 or other reasonable assumptions can be used where there are uncertainties about exactly what type of business will occupy the buildings. The submitters are invited to explain at the hearing examples they have in mind whereby it would be appropriate for an application to be made where the end uses are unknown.

Relief sought

Central Land Holdings Ltd, Orchard Road Holdings Ltd, Willowridge Developments Ltd seek either that the Plan Change is cancelled or that Appendix 11 be deleted and the Council focus on zoning sufficient amounts of land for housing.

Recommendation

That the submissions of Central Land Holdings Ltd, Orchard Road Holdings Ltd, Willowridge Developments Ltd be **rejected**.

Reason

Officers are not convinced that there are circumstances where applications are lodged and certainty of end uses are not stated or that reasonable assumptions cannot be made.

3.12 Monetary value to be assigned?

Issue: A monetary value should be given to Affordable Housing for certainty for instances where cash is accepted instead of housing (or it should be explained how it will be calculated).

Original Submissions from

John Edmonds Associates Ltd
Southern Planning Group

Further submissions in support from

Five Mile Ltd (concern at uncertainty of how cash or land will be dealt with)

Further submissions in opposition from

none

Discussion

Preparation of an AHIMS results in a quantum of affordable housing needed to meet the needs of that developments workforce. Any cash in lieu of housing would be aimed at meeting that same set of needs. The cash option should remain by negotiation only and be calculated at the time the requirement is to be met. Under certain circumstances, it may be an appropriate vehicle for ensuring the long term retention of the affordable housing benefit when the cash is able to be leveraged with other resources by the Queenstown Lakes Community Housing Trust.

It is not appropriate for PC24 to specify a fixed rate for conversions of units to cash, as factors such as interest rates, building costs, and other funding that may be available that would alter the amount of cash needed to create an equivalent housing contribution. Rather, the flexibility provided in PC24 enables the development sector, the Council, and the Queenstown Lakes Community Housing Trust to craft solutions meeting the needs as they evolve over time. Any cash contributions would sit in the trust and should have a credit balance accounting for the number of affordable housing units. Inflows and outflows should

be consistent, auditable and transparent. This method has been used in some cases for contributions made through stakeholder deeds.

Depending on the outcome of PC24, Council would consult further with the Queenstown Lakes Community Housing Trust, to develop a more detailed formula that would guide conversions of an affordable housing requirement to cash.

Relief sought

John Edmonds Associates Ltd seek that the Council provides more clarity around Affordable Housing assessments and provision in regard to conversions to cash.

Southern Planning Group sought that the Plan Change be withdrawn in its entirety. Alternatively, that the consent authority (*sic*) make such additions amendments or consequential changes to any relevant part of the Plan Change documentation as are necessary to address the issues and concerns raised in its submission.

Recommendation

That the submissions of John Edmonds and Southern Planning Group be **accepted in part**. That the further submissions in support of original submissions by Five Mile Ltd be **accepted in part**. The part that is **accepted** relates to the Council providing further guidance on how cash-in-lieu calculations should be performed.

Reason

Officers consider that this is but one of several implementation matters best dealt with following the outcomes of the PC24 hearing and decision process.

4.0 MANAGEMENT OF AFFORDABLE HOUSING THAT MAY BE CREATED

4.1 Transfer of ownership to eligible households

Issue: It is unclear how the Affordable Housing provided by the development is to be transferred to appropriate owners, or how that ownership is managed on an ongoing basis.

Original Submissions from

Armada Holdings Ltd
Foodstuffs South Island Ltd
H & J Smith Holdings Ltd Group
Infinity Investment Group Holdings Ltd
Jacks Point Ltd

Further submissions in support from

Armada Holdings Ltd
Infinity Investment Group Ltd
The Hills Ltd
Remarkables Park Ltd

Further submissions in opposition from

none

Discussion

The HOPE Strategy update, Part A-Applicant Eligibility and Part C-Retention provide guidance on these matters. During development of PC24, many developers suggested that avenues be provided to the private sector to operate and manage affordable housing in accordance with general guidelines established by the Council. The Retention mechanisms options allow for a covenant to specify in further detail how the housing will stay affordable over time, how many units will be affordable, and at what price level (rental and/or ownership). Council is progressing sample covenant language that would be made available, depending on the outcome of PC24.

If a party wishes greater certainty, another option is to negotiate with the Queenstown Lakes Community Housing Trust to operate/manage the entire quantum of affordable housing on behalf of the development.

Relief sought

Armada Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd and Jacks Point Ltd seek that the Plan Change be withdrawn or cancelled or, in the alternative, that the District Plan is amended to address the issues and resolve the concerns raised in their submissions.

Recommendation

That the submissions of Armada Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd and Jacks Point Ltd be **accepted in part**, that part being for Council to develop of further guidance on the subject.

Reason

Officers consider that PC24 has delivered flexibility as desired by the development sector, but could offer further guidance through implementation measures.

4.2 Community Housing Trust

Issue: Proportion of housing that is to be delivered to the Community Housing Trust

Original Submissions from

Peninsula Road Ltd (Other providers should be considered apart from the Community Housing Trust)

Queenstown Lakes Community Housing Trust Community Housing Trust (consider all Affordable Housing should be delivered to them)

Remarkables Park Ltd (states that private property rights or ownership are not relevant resource management issues)

Further submissions from

Central Land Holdings Ltd

Orchard Road Holdings Ltd

Willowridge Developments Ltd (above in support of Peninsula Road Ltd's submission)

Remarkables Park Ltd (opposed Queenstown lakes Community Housing Trust's position)

Glendore (NZ) Ltd (ibid)

Five Mile Ltd (ibid)

Discussion

Submissions on this issue represent a continuum of views, as follows:

- 1) Remarkables Park appear to want no ownership & operation by a Trust, in particular a trust specified by the Council as the Queenstown Lakes Community Housing Trust;
- 2) Peninsula Road appear to wish to have the option of utilising another trust or provider beyond the Queenstown Lakes Community Housing Trust;
- 3) The Queenstown Lakes Community Housing Trust who appear to want all affordable housing contributions to be vested with them.

PC24 provides for a range of choice. It sets forth three components to any affordable housing delivery, using either the set percentages specified in Appendix 11 Part B, or alternate percentages if a project-specific AHIMS has been prepared:

- A) Affordable Housing: The portion to be market-affordable, ie subject only to a covenant or land use provision that it cannot be used for visitor accommodation, designed to keep the unit in the marketplace of people working in the local economy. PC24, in Appendix 11, Part B1 & B2, set this amount at 70% of the total Affordable Housing Demand. The 70% is derived by taking the total, less the 30% for Community Housing set out in B2.
- B) Community Housing: Set at 30% of the Affordable Housing, to be supplied through a combination of two methods
 - a. The portion (remaining after the % to the Community Housing Trust is set) subject to a covenant, to ensure its long-term retention as affordable rental or ownership, but which may be owned and operated by any party.

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- b. A portion of not less than 40% of the Community Housing 30% governed by the Queenstown Lakes Community Housing Trust, which may be comprised of the land value of the affordable units contributed to the Trust at nil consideration.

For example, the planners report for PC19-Frankton Flats considered the use of the AHIMS spreadsheet tool for calculating the quantum of affordable and community housing to be delivered, and an overview of the quantum by retention method:

For the Frankton Flats, the standard AHIMS formula would generate the following quantum of affordable housing, delineated by unit type and retention method:

Residential	Visitor Accommodation	Commercial Intensive	Commercial Large
		Office or Retail	Bulk Retail, Industrial, Warehouse
GFA (m2)	GFA (m2)	GFA (m2)	GFA (m2)
460,000	26,000	90,000	90,000
Relative Household Equivalents (RHE)			
170.20	32.76	392.40	302.40
897.76			
Note: 898 RHE's becomes a total of 762 Residential Units after allowing for unit size weighting			

Total Affordable Housing required:		Retention Method:		
		Affordable Housing	Community Housing Trust	Community Housing Covenant
Accommodation type	Total units			
Shared Living/Dorm	173	121	21	31
Studio	77	54	9	14
1 BR	204	143	24	37
2 BR	202	141	24	37
3 BR	60	42	7	11
4 BR	46	32	6	8
	762	533	91	138

This example can be further elaborated on during the hearing if desired. Acknowledging that the unit mix is indicative based on the AHIMS model, as a percentage of the total, the Community Housing Trust portion comprise just 3% of the total residential units in the zone. How many residential units would be generated by the 460,000 sqm of Residential GFA in the proposed Frankton Flats zone? At an average of 143sqm per residential unit (as detailed in the Demand study), this would result in approximately 3216 residential units. In light of the significant uplift in density (on the order of at least ten-fold) that is a result of a land use

change from Rural General to Frankton Flats special zone, a contribution of the land value of 3% would seem well within the cost structure of any development, particularly of this scale.

Total Units in FF Zone	Units	% of Total
Non-Affordable Units	2454	76%
Affordable Hsng	533	17%
CH-Covenant	138	4%
CH- Trust	91	3%
Total FF Residential Units	3216	100%

It is worth re-stating again that the provisions of PC24 were crafted to ensure the delivery of a quantum of affordable housing, through a variety of means, and to acknowledge that the market can, and should deliver a significant portion through increased supply. This ‘market’ supply of affordable housing is represented in the 17% above, with only a 7% combined covenant and Trust component. Monitoring of delivery will provide the basis to determine if these percentages should be adjusted in the future.

To ensure that these goals are achieved, it will take a range of approaches – the international research certainly provides evidence to support this. But that same evidence demonstrates the need to ensure that at least some value generated for affordable housing is retained for that purpose over time (ie through covenants of a fixed term), and intergenerationally (through community trust ownership). Such long term provision also provides certainty for developers that any value they may have contributed will be used appropriately, and not to generate a windfall profit to the first occupier of affordable housing.

As the Queenstown Lakes Community Housing Trust develops its expertise and track record, it is very likely that many developments may wish to have their portfolios of Covenanted affordable housing managed by the Trust, for reasons of certainty, simplicity, and commercial viability. Further the Trust has briefed Council as to its annual workplan, which includes development of innovative sources of capital, and leasehold development structures to name a few. Through the combined efforts of the Trustees, the Council, and Housing New Zealand, a lot of effort has been invested in ensuring that the Trust has the leadership resources and skills necessary to grow the tools needed for effective delivery of a significant quantum of affordable housing. With regard to the question of why other trusts should be allowed, Council is unclear why a replication of that effort would be necessary, or would lead to a better outcome.

The Trust has expressed concern that its role is not sufficiently clarified by the Council. The discussion in Issue 7.4 around the Definition of Affordable Housing recommends that the delegation to determine eligibility as granted to the Trust in the HOPE Strategy Part A – Eligibility Criteria be **accepted** by the Trust as evidence that it will, over time, become the repository for such guidance. The Trust is currently transitioning into a role of participating in the negotiation of new Stakeholder Deed agreements, and in the implementation of existing agreements. This is a positive step foreseen by Council, and as the Trust’s capacity increases, it will likely continue to play a greater role in such matters.

Relief sought

Peninsula Road Ltd requests that Plan Change 24 be placed on hold until the proposed rules intended to implement the Plan Change 24 objectives and policies are publicly notified, so the objectives, policies and rules can be considered at the same time. Peninsula Road Ltd

also request that the provisions of Plan Change 24 be reconsidered and amended to address the concerns detailed in its submission.

Remarkables Park Ltd seek that the Plan Change be withdrawn or that it be amended to address the concerns raised in their submission.

Queenstown Lakes Community Housing Trust seek that the planning language be more permissive and clearer, and in particular that the proportion of Affordable and Community housing to be managed by the Trust be increased to 100%

Recommendation

That the submissions of Peninsula Road Ltd be **accepted in part**. The part that is **accepted** is that a range of options have been set out in PC24 regarding the use of covenants. The part that is **rejected** relates to use of an alternate Trust to the Queenstown Lakes Community Housing Trust.

That the submissions of the Queenstown Lakes Community Housing Trust be **accepted in part**. The part that is **accepted** is that the submitter's organisation is the preferred organisation of Council when an affordable housing contribution is to be made. The part that is **rejected** is that all affordable housing must be vested with the Trust.

That the submissions of Remarkables Park Ltd be **rejected**.

That the further submissions in support of Peninsula Road Ltd be **accepted in part**; that the further submissions of Remarkables Park Ltd opposing the Queenstown Lakes Community Housing Trust be **rejected**; that the further submissions in support of Remarkables Park Ltd be **rejected**.

Reason

Officers consider that the Queenstown Lakes Community Housing Trust should be the sole Trust vehicle used, but that developers can have the option of the use of a covenant to specify retention of a portion of the affordable housing as set out in the notified version of the plan change.

4.3 Offsite provision and use of QLDC land

Issue: If Affordable Housing is to be provided off-site where is it to be provided? Does QLDC have such land available?

Original Submissions from

Queenstown Airport Corporation

Further submissions in support from

none

Further submissions in opposition from

none

Discussion

The issue of off-site provision is more thoroughly addressed under issue 7.2. Any site can potentially be an off-site location, so long as the matters listed in the 'Guidance for Development' notified with the HOPE Strategy Update are met.

QLDC has identified that affordable housing should be considered through the development of council-owned land at Lakeview (Queenstown), Scurr Heights (Wanaka) and Jopp Street (Arrowtown). Each of these sites are subject to a range of community consultation and review provisions. While Council does see that it can play a role in providing appropriate land, it is not the responsibility of Council to provide land for off-site provision of affordable housing that would otherwise be met by developments seeking an increment of growth.

Relief sought

Queenstown Airport Corporation seek that Appendix 11 be deleted, and that Section 4.10 be revised to encourage the development of affordable housing through adequate land zoning and subdivision in appropriate locations.

Recommendation

That the submissions of Queenstown Airport Corporation be **rejected**.

Reason

Officers consider that the Airport has similar responsibilities and opportunities as other landowners in the district.

4.4 Retention Mechanisms

Issue: Retention mechanisms to ensure Affordable Housing stays affordable in the future. All Affordable Housing should have retention mechanisms.

Original Submissions from

Queenstown Lakes Community Housing Trust

Further submissions in support from

none

Further submissions in opposition from

none

Discussion

Accepting that development of a wide range of residential housing product can and should be developed to meet the needs of the local workforce market, such a situation should only require retention of a subset of the housing affordable to the local workforce. For that subset, it is necessary and desirable for it to be subject to a retention mechanism.

The Trust may wish to develop a programme where it can look after a developments affordable housing contribution, to ensure compliance with any covenants, and offer an expanded assurance of long-term retention. Such a programme falls into the realm of innovation in the third sector, and is outside Council's responsibility.

Relief sought

Queenstown Lakes Community Housing Trust seek that the planning language be more permissive and clearer, and in particular that all affordable housing be subject to a retention mechanism.

Recommendation

That the submissions of Queenstown Lakes Community Housing Trust be **accepted**.

Reason

Officers consider that retention should be crafted using the most workable methods.

5.0 COSTS, EFFICIENCY, EQUITY AND INCENTIVES

5.1 Adverse implications for development?

Issue: PC24 does not adequately consider the adverse implications on development.

Original Submissions from

Armada Holdings Ltd
Foodstuffs South Island Ltd
H & J Smith Holdings Ltd Group
Infinity Investment Group Holdings Ltd
Jacks Point Ltd
Southern Planning Group

Further submissions in support from

Armada Holdings Ltd
Infinity Investment Group Ltd
Remarkables Park Ltd
The Hills Ltd

Further submissions in opposition from

None.

Discussion

PC24 has been designed to ensure that the adverse effects of development, in terms of affordability of housing, are considered and where appropriate mitigated. It is considered that if development does not mitigate its effect on the affordability of housing, there are adverse social, environmental and economic effects for the community at large.

The Council has paid particular attention to ensuring that the costs incurred by development are fair and reasonable. The linkage zoning approach is designed to ensure that the provision of Affordable and Community Housing is proportionate to the demand created by the development for that housing. Scope has been provided in Appendix 11 for an applicant to carry out an alternative assessment to the mitigation rates suggested in Table 3 in order to arrive at a fair mitigation proposal in line with the effects of the development on the affordability of housing.

The Plan Change only applies to future plan changes and discretionary and non-complying activities. This is so as to minimise the costs to land owners and developers who may have

calculated into their land value or purchase price what they could reasonably expect to achieve in development rights from a site. As these activities and plan changes cannot be expected 'as of right' it can be expected that there will be a significant uplift in land value when a zoning change or resource or subdivision consent is granted. It is considered that in such circumstances the mitigation measures outlined in Appendix 11 can more reasonably be expected to be achieved. It is therefore considered a fair approach for the community and for development and one that adequately considers the adverse effects on development.

As a further piece of work, the Council has recently commissioned work to estimate the likely costs of providing Affordable Housing in different scenarios. The likely development contributions have also been assessed for comparison and co-consideration. This work is expected to be available for consideration at the hearing.

The above assumptions are for information purposes. Appendix 11 is designed to ensure that the amount of mitigation undertaken by the developer (i.e. amount of Affordable Housing delivered) is proportionate to the demand for Affordable Housing the development creates. This is considered to be a fair basis for establishing how much Affordable Housing should be delivered as it ensures that the effects of the development on housing affordability are addressed by the developer rather than borne by the wider community.

Relief sought

Armada Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd and Jacks Point Ltd seek that the Plan Change be withdrawn or cancelled or, in the alternative, that the District Plan is amended to address the issues and resolve the concerns raised in their submissions.

Southern Planning Group sought that the Plan Change be withdrawn in its entirety. Alternatively, that the consent authority make such additions amendments or consequential changes to any relevant part of the Plan Change documentation as are necessary to address the issues and concerns raised in its submission.

Recommendation

That the submissions and further submissions of Armada Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd, Jacks Point Ltd and Southern Planning Group be **rejected**.

Reason

Plan Change 24 adequately considers its adverse implications on development. The fact that it does not apply to existing Permitted, Controlled and Restricted Discretionary activities reflects this.

5.2 Does PC24 raise overall house prices, negating any positive benefit?

Issue: Applying a requirement to mitigate Affordable Housing effects via the District Plan will necessitate developers to pass on the costs to other home buyers, thereby causing an adverse effect on the affordability of housing or reducing the returns of developer's investments. People who do not qualify for Affordable Housing will be adversely affected.

Original Submissions from

Plan Change 24 – Affordable and Community Housing

Armada Holdings Ltd
Five Mile Holdings Ltd
Foodstuffs South Island Ltd
Glendore (N.Z.) Ltd
H & J Smith Holdings Ltd Group
Bruce and Alison Hebbard
Infinity Investment Group Holdings Ltd
Jacks Point Ltd
Southern Planning Group
Willowridge Developments Ltd
Orchard Road Holdings Ltd
Central Land Holdings Ltd

Further submissions in support from

Armada Holdings Ltd
Infinity Investment Group Ltd
The Hills Ltd
Central Land Holdings Ltd
Orchard Road Holdings Ltd
Willowridge Developments Ltd
Queenstown Airport Corporation
Remarkables Park Ltd

Further submissions in opposition from

none

Discussion

The argument set out above is one of the most common arguments against policies that require affordable housing mitigation. The authors of this report disagree that this will necessarily be the case with Plan Change 24.

Section 8.1 of the Section 32 report deals with this issue at length. Readers are directed towards that section.

Plan Change 24 is structured in a way so that the cost of providing affordable housing can be factored into the price of land so that rather than other householders absorbing the cost, those that benefit from the increase in value of land subject to a plan change or discretionary or non-complying resource or subdivision consent may instead absorb this cost. The Section 32 report quoted the Barker Review in this regard:

‘The UK Barker Review on Housing addressed this issue in the UK context by indicating that if the contribution could be tied to the point at which land use density provisions are set, then the impacts on other house prices will be minimised’ (Page 40, Plan Change 24 Section 32 report)

In a Queenstown Lakes District context it is argued that this assessment is equally valid.

Five Mile Holdings and Glendore (NZ) Ltd suggest that the Barker Review is flawed. It is not considered that they provide sound reasoning as to why this is the case. They are welcome to pursue this matter further while presenting at the hearing.

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In addition, it should be noted that Plan Change 24 is not in fact seeking that the community profit from the uplift in value of land incurred by landowners in such situations. It actually only seeks that the cost of that development in terms of its effects on affordability be met by that development, rather than that burden be borne across the community.

There will remain, as a result of Plan Change 24, a considerable amount of land in the District where housing can be built without the application of Affordable Housing policies (the January 2008 run of the Dwelling Capacity Model suggested in the range of 23,000 dwellings in the urban area, compared to 12,158 existing residential dwellings).

It would seem that given that properties subject to affordable housing policies (e.g. land zoned or consented urban post Plan Change 24) will be in the same or similar market as those not subject to affordable housing policies (e.g. land already zoned urban prior to Plan Change 24). It would therefore seem that there should be no reason why other house-buyers would pay extra for housing that is subject to affordable housing policies.

The above scenario suggests that the cost needs to be absorbed in the development process. It is argued that Plan Change 24 allows for this to occur. Given the significant increase in value at the time of rezoning or the granting of a discretionary or non-complying resource or subdivision consent, this is the area where the costs of providing affordable housing can be absorbed.

The Council's own research into examples in the District confirms its opinion that there is generally a very large increase in value as a result of rezoning that increases the development potential of a property.

For example, land zoned Rural General that is rezoned for an urban use (say low density residential, high density residential, township, or special zone) will achieve an increase in density of between 1000% to 5000%. This assumption is based on a starting point of 1 dwelling per hectare (which is a conservative figure, as that may be significantly more development that would be allowed as a permitted or controlled activity in Rural General). The rezoning to low density residential would enable one dwelling per 800 sqm, which is an increase of 1250% over the density of one dwelling per 10000 sqm.

A sample of government land values as reported by Quotable Value, indicate that land zoned Rural General sold for approximately \$40,000 per hectare. After rezoning, some subdivided lots were on-sold, with a government valuation at approximately \$300,000 per section. The following increase in land values can be loosely estimated:

- 1 hectare = 10000 sqm, less 25% for roading, etc =7500 usable, saleable sqm
- 7500 sqm divided by 1 lot per 800 sqm = approximately 9 saleable sections
- 9 sections X \$250,000 each = \$2.25M. Less approximately \$30,000 per section for development contributions, and another \$40,000 per section for infrastructure costs, results in a net of \$180,000 per section. 9 sections X \$180,000 = \$1.62M return per hectare. Less the original cost off the land of \$40,000 per hectare = \$1.58M, or a 3816% increase in value as a result of the urban zoning.

In short, a twelve-fold increase in density, enables a nearly forty-fold increase in dollar value.

There are undeniably considerable costs in developing a greenfields site into lots, such as those relating to holding costs through the multiple years required for various approvals, and for the time and cost of infrastructure improvements as well as development contributions. However, it would seem sensible to conclude that in such an example there is considerable profit that can be facilitated through a change of zoning, enough such that the proposed

delivery of affordable housing indicated by PC24 does not significantly impact on the above returns.

For example, Jacks Point were, from the outset, willing to provide a portion of housing as Affordable Housing (indeed, personnel involved with the project were amongst the first to support the Council actively addressing issues of housing affordability). In a stakeholder agreement with the Council it was agreed that 5% of housing will be delivered as Affordable Housing at nil consideration to the Community Housing Trust. This was considered appropriate to the Council (and has proven subsequently to be so) as there has been no market housing (to date) produced that would meet the Council's criteria for housing that is affordable to the local workforce.

Given the significant value uplift achieved it doesn't seem to follow that this contribution could not be accommodated within the overall costs of the development and that it was necessary to pass on this cost to other house buyers or the development would be rendered unprofitable.

Plan Change 24 can also be applied to development and subdivision proposals that are discretionary and non-complying. It is expected that given proposals for these developments can be declined by the consent authority, when consent for subdivision or development is granted, there will typically be a considerable increase in value.

It is argued that the price of housing is largely determined by what the market is prepared to pay for a house (as opposed to the costs in delivering housing of an individual property). The very high price of land in many parts of the Queenstown Lakes District does not relate to its productivity for existing uses. It relates to the development potential of that land and the amount that people may be prepared to pay for that land when it is developed. The price continues to rise relative to the certainty of that development occurring and the costs in delivering the developed product (e.g. a house on section).

The scenario of a developer buying land on the expectation of a plan change or non-complying or discretionary resource consent providing for housing development is helpful to illustrate how the costs of providing Affordable Housing need not be passed on to other house buyers in a development. In determining how much to pay in purchasing the land a developer can be expected to first consider how many sections or houses they can sell and for how much. They will then subtract the costs of bringing these to the market. These costs could include development costs (roading, surveying, service provision etc), regulatory costs (such as through seeking planning approval), marketing costs and development contributions. Having considered these costs and determined what a reasonable profit might be, the developer will then be able to make an estimate of what is an appropriate price for the land. This price can be expected to be considerably higher than the price of the land if this development potential is not considered.

This point has been researched extensively by Professor Glen Bramley of Heriot Watt University, and was discussed during his 27 November 2007 speech in Queenstown. Specifically, Professor Bramley advised that the calculation of Residual Value is the key matter that Council should be concerned with when hearing arguments about the impact of affordable housing on land costs. He set out the following formula:

- Residual Value = (Selling price - construction cost) x no of units - development costs (infrastructure, development contributions, and including planning obligations)
- Developer will bid for land based on expected residual value
- Price of land is determined by price of house, NOT vice versa (although in longer run price of houses is affected by amount of supply)

- Cost of planning obligations (e.g. Affordable Housing) should be borne by landowner (so long as residual value is positive)

An additional cost that will need to be considered following the implementation of Plan Change 24 will be the cost of meeting affordable housing obligations. Therefore, the cost of providing housing should be incorporated at the time of purchase by the developer of the land. Alternatively, if there is no transaction of land, the landowner may need to endure a reduced profit in developing the land.

It is acknowledged that this situation is relevant only to land that has not yet been zoned or consented for its end use. Land not yet developed but already zoned for urban uses would be expected to have this development potential already factored into its value. This is one reason it was considered that Plan Change 24 should not apply to development that complies with zoning already established prior to the Plan Change (i.e. permitted, controlled or restricted discretionary activities).

Relief sought

Armada Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd and Jacks Point Ltd seek that the Plan Change be withdrawn or cancelled or, in the alternative, that the District Plan is amended to address the issues and resolve the concerns raised in their submissions.

Five Mile Ltd and Glendore (NZ) Ltd seek that the Plan Change 24 be withdrawn in its entirety.

Central Land Holdings Ltd, Orchard Road Holdings Ltd, Willowridge Developments Ltd seek either that the Plan Change is cancelled or that Appendix 11 be deleted and the Council focus on zoning sufficient amounts of land for housing.

Southern Planning Group sought that the Plan Change be withdrawn in its entirety. Alternatively, that the consent authority make such additions amendments or consequential changes to any relevant part of the Plan Change documentation as are necessary to address the issues and concerns raised in its submission.

Bruce and Alison Hebbard seek that the financial contribution part of the Plan Change be **rejected** or, if this cannot be achieved, the whole Plan Change be **rejected**.

Recommendation

That the submissions and further submissions regarding this issue be **rejected**.

Reason

Plan Change 24 has been structured in a way that provides for developers to absorb the cost of mitigating the effects of their development on the affordability of housing without passing this on to subsequent property owners.

5.3 What effect will PC24 have on the market?

Issue: Do the planning provisions achieve the efficient and effective use of resources? Specifically, will the Plan Change create market distortions? Will it slow down development?

Original Submissions from

Armada Holdings Ltd
Foodstuffs South Island Ltd
H & J Smith Holdings Ltd Group
Infinity Investment Group Holdings Ltd
Jacks Point Ltd

Further submissions in support from

Armada Holdings Ltd
Infinity Investment Group Ltd
The Hills Ltd
Remarkables Park Ltd

Further submissions in opposition from

None.

Discussion

Plan Change 24 does provide for the efficient and effective use of resources.

At present land and housing (resources) are being sold and rented at prices beyond the reasonable means of large sectors of the community. This means that the community's social and economic wellbeing is not being provided for in the use of resources under the *status quo*. Plan Change 24 is a step towards using this resource more efficiently so that it can provide for the community's social and economic wellbeing.

It has been demonstrated for many years that the market is not providing sufficient housing at pricing that meets the community's needs. Development is creating the demand for Affordable Housing but is often not meeting this demand. There is no evidence that this situation will change. It has therefore been concluded that planning provisions are needed to address the issue.

Given the Plan Change only affects new zonings and discretionary and non-complying resource and subdivision consents it should not cause market distortions. As outlined in the previous point of discussion (5.2) it is considered that the extra costs should be accommodated via decreased value uplifts at the time land is rezoned or discretionary or non-complying resource consents are granted.

Development should not become unprofitable and should not be slowed by this process. It should also be noted that there is a very large amount of land already zoned for urban development in the District that will not be subject to Plan Change 24 providing development involves permitted, controlled or restricted discretionary activities as outlined by those zones.

Relief sought

Armada Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd and Jacks Point Ltd seek that the Plan Change be withdrawn or cancelled or, in the alternative, that the District Plan is amended to address the issues and resolve the concerns raised in their submissions

Recommendation

That the submissions of Armada Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd and Jacks Point Ltd are **rejected**.

Reason

It is considered that Plan Change 24 does achieve the efficient use of resources. It has been structured so that it should not cause market distortions and should not slow development.

5.4 Inefficient/costly transactions?

Issue: Concerns about the costs of considering if developments need to provide Affordable Housing and if so establishing how much. Extra costs may be borne by developers employing consultants to undertake AHIMS assessment. Inefficiencies may be created by developers debating with Council the correct result.

Original Submissions from

Armada Holdings Ltd
Central Land Holdings Ltd
Foodstuffs South Island Ltd
H & J Smith Holdings Ltd Group
Infinity Investment Group Holdings Ltd
Jacks Point Ltd
John Edmonds Associates (seeks Policy on how the process will work)
Orchard Road Holdings Ltd
Queenstown Airport Corporation
Southern Planning Group (concern that proposals need a lot of work before they can consider the Affordable Housing requirement)
Willowridge Developments Ltd

Further submissions in support from

Armada Holdings Ltd
Infinity Investment Group Ltd
The Hills Ltd
Central Land Holdings Ltd
Orchard Road Holdings Ltd
Willowridge Developments Ltd
Remarkables Park Ltd

Further submissions in opposition from

None.

Discussion

Such inefficiencies may occur if the developer does not use the standard figures and assumptions in Appendix 11 (particularly the mitigation rates of Table 3). In most instances it is expected that this will be an option available to the applicant (that is to say, exceptions that preclude the use of the standard figures and assumptions are expected to be rare).

The Council has produced an ‘AHIMS calculator’ that makes it easy to calculate what the standard mitigation measures would be for a given development. This is available on the Council’s website.

Any type of regulation can be expected to cause some inefficiencies, especially when it is first implemented. It is not however considered that this is comparable to the costs to the community of not addressing the issue of housing affordability and therefore an issue worthy of stopping the plan change.

Relief Sought

Armada Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd and Jacks Point Ltd seek that the Plan Change be withdrawn or cancelled or, in the alternative, that the District Plan is amended to address the issues and resolve the concerns raised in their submissions

Southern Planning Group sought that the Plan Change be withdrawn in its entirety. Alternatively, that the consent authority make such additions amendments or consequential changes to any relevant part of the Plan Change documentation as are necessary to address the issues and concerns raised in its submission.

Central Land Holdings Ltd, Orchard Road Holdings Ltd, Willowridge Developments Ltd and Queenstown Airport Corporation seek either that the Plan Change is cancelled or that Appendix 11 be deleted and the Council focus on zoning sufficient amounts of land for housing.

Recommendation

That all submissions and further submissions as outlined above be **rejected**.

Reason

Attention has been paid to ensure that if developers use the standard mitigation rates in Table 3 of Appendix 11 the amount of work to undertake an AHIMS required should be minimised. The AHIMS calculator, as available on the Council’s website should also be of assistance. Regardless, it is not considered that the above reasons justify development not having to mitigate its effects in terms of housing affordability.

5.5 Is PC24 Equitable?

Issue: Concerns at the equity of the Plan Change. The Plan Change disproportionately targets large (and/or greenfield) developments. These developments will subsidise the rest of developments.

Original Submissions from

Armada Holdings Ltd
Central Land Holdings
Foodstuffs South Island Ltd
H & J Smith Holdings Ltd Group
Infinity Investment Group Holdings Ltd
Jacks Point Ltd
Orchard Road Holdings Ltd

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Queenstown Lakes Community Housing Trust (concern that some developments are excluded from the Plan Change).

Willowridge Developments Ltd

Further submissions in support from

Armada Holdings Ltd
Infinity Investment Group Ltd
The Hills Ltd
Remarkables Park Ltd

Further submissions in opposition from

none

Discussion

The methodology is designed to ensure that the contribution of a development is proportionate to the demand it creates for affordable housing.

It is however recognised that many greenfield developments may be subject to Plan Change 24 when other developments that are already zoned for urban development will not be (strictly speaking, affordable housing policies may apply to some brownfield sites while many sites that are effectively greenfield may be excluded if they are already zoned for urban development).

The decision to exclude sites that are already zoned for urban development (unless the development or subdivision proposal is discretionary or non-complying) is for reasons of fairness. It is argued that future development will be able to factor in the costs of affordable housing through reduced increases in the value of land when zoning changes or resource or subdivision consent is granted. In other areas, increasing certainty about what can be developed on the property (as provided for by the District Plan) means that this would often be factored into the price of land.

The claim that greenfield development will subsidise other development's lack of contributions to affordable housing is incorrect. The AHIMS process is designed to ensure that a development's contribution is proportionate to the scale of its effects in terms of demand for affordable housing created by the development.

Relief sought

Armada Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd and Jacks Point Ltd seek that the Plan Change be withdrawn or cancelled or, in the alternative, that the District Plan is amended to address the issues and resolve the concerns raised in their submissions.

Central Land Holdings Ltd, Orchard Road Holdings Ltd, Willowridge Developments Ltd seek either that the Plan Change is cancelled or that Appendix 11 be deleted and the Council focus on zoning sufficient amounts of land for housing.

Queenstown Lakes Community Housing Trust question the issue (their relief sought is unclear)

Recommendation

That all submissions and further submissions as outlined above be **rejected**.

Reason

It is for reasons of equity that the Plan Change only seeks that new plan changes and discretionary and non-complying activities assess and mitigate their effects in terms of the affordability of housing. The developments and subdivisions are deemed to be more capable of absorbing the costs of providing Affordable Housing.

5.6 Incentives?

Issue: Lack of information on incentives such as ‘density bonuses’.

Original Submissions from

Armada Holdings Ltd
Foodstuffs South Island Ltd
H & J Smith Holdings Ltd Group
Infinity Investment Group Holdings Ltd
Jacks Point Ltd
John Edmonds Associates Ltd
Queenstown Lakes Community Housing Trust (support for incentives)
Remarkables Park Ltd (does not consider that there is scope within the act for offsets or reductions of financial contributions)
Southern Planning Group (also concern about density bonuses being appropriate and who would approve these)

Further submissions in support from

Armada Holdings Ltd
Infinity Investment Group Ltd
The Hills Ltd
Remarkables Park Ltd

Further submissions in opposition from

None.

Discussion

In a report dated 28 April 2008 to the Council's 13 May Strategy Committee meeting, officers set forth the brief for a project to further develop a range of incentives, including density bonuses:

Incentives for affordable housing. This project would model the financial barriers to developing affordable housing, and develop a set of viable incentives that can be delivered by Central Government, Council and/or a Community Housing Trust. Both Plan Change 24 and the AH: Enabling Territorial Authorities Bill signal the use of incentives. But what should they be? How should they work?

Discussions with Housing New Zealand have indicated a willingness to collaborate on this project, to progress a suite of incentives. Such a suite would further the nationwide debate as to how the incentives would best work, whether they are fair to all parties, which organisation is to be responsible for implementation, and whether the incentives are workable and acceptable to community standards. Project steps include:

- *Establish assumptions and incentives to be tested.*
- *Understand where speculative profit fits into the development*
- *Understand cost of construction vs cost of land – drivers to final housing cost*
- *Understand compliance costs of the incentives proposed*
- *Model the various incentives*
- *Test the incentives in the market on a set of actual developments – consultation with developers*
- *Develop legal framework: which tools should be advanced under the LGA, RMA, Central Government, or the third sector?*
- *Develop action plan that delivers legal certainty to the incentives.*

The above work is being undertaken in cooperation with the Queenstown Lakes Community Housing Trust. Results of this work may provide outputs for consideration through the LTCCP consultation process in 2009. Other outputs may require consideration through an RMA consultative process. PC24 is seen as a necessary first step to be taken before incentives could be implemented. Readers are referred to the AH:ETA for the incentives it suggests.

The Appendix 11 to PC24 signalled in Section 2, Part B, 3ic, “Whether any density bonuses or similar tools should be provided to encourage the supply of Affordable and Community Housing units, subject to the need to provide certainty over the affordability, scale, location and design of development that may result from the application of such bonuses.” The concern raised by Southern Planning Group that a density bonus might provide uncertainty for adjacent property owners has been addressed in the above referenced language already included in Appendix 11. It is suggested though that this paragraph be added to the section on Resource Consents, and not limited solely to Plan Changes. The recommendation below clarifies the language to be added.

Relief sought

Armada Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd and Jacks Point Ltd seek that the Plan Change be withdrawn or cancelled or, in the alternative, that the District Plan is amended to address the issues and resolve the concerns raised in their submissions.

Southern Planning Group sought that the Plan Change be withdrawn in its entirety. Alternatively, that the consent authority (*sic*) make such additions amendments or consequential changes to any relevant part of the Plan Change documentation as are necessary to address the issues and concerns raised in its submission, in particular concern about density bonuses being appropriate and who would approve these.

John Edmonds Associates Ltd seek that the Council explores multiple ‘incentive’ options, an order of priority for flexibility of applying incentives, and incorporate appropriate guarantees into PC24 and the District Plan

Queenstown Lakes Community Housing Trust seek support for incentives

Remarkables Park Ltd (does not consider that there is scope within the act for offsets or reductions of financial contributions)

Recommendation

That the submissions of Armada Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd and Jacks Point Ltd., Southern Planning Group, Remarkables Park Ltd, be **rejected**.

That the submissions of the Queenstown Lakes Community Housing Trust and John Edmonds & Associates be **accepted**.

That the further submissions in support of Armada Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd and Jacks Point Ltd., Southern Planning Group, Remarkables Park Ltd, be **rejected**.

That the following language be added to the Appendix 11, Part B3:

Define the methods that are to be used to deliver the Affordable and Community Housing required including, but not limited to, one or a combination of the following:

(ii) With respect to Resource Consent Applications

(d) Whether any density bonuses or similar tools should be provided to encourage the supply of Affordable and Community Housing units, subject to the need to provide certainty over the affordability, scale, location and design of development that may result from the application of such bonuses.

Reason

PC 24 already contains language allowing consideration of incentives such as “density bonuses or similar tools”. Officers have indicated that development of a range of other, non-RMA type incentives is necessary, and is underway, but their implementation requires that an outcome to both PC24 and the AH:ETA be determined first.

5.7 Should Development Contributions apply to affordable housing?

Issue: Development contributions should not be levied or otherwise applied to any allotment or unit given over to Affordable Housing (or reduced amounts should be applied).

Original Submissions from

Armada Holdings Ltd
Foodstuffs South Island Ltd
H & J Smith Holdings Ltd Group
Infinity Investment Group Holdings Ltd
Jacks Point Ltd
John Edmonds Associates Ltd
Southern Planning Group (Council should consider the issue)

Further submissions in support from

Armada Holdings Ltd

Infinity Investment Group Ltd
The Hills Ltd
Remarkables Park Ltd

Further submissions in opposition from

none

Discussion

Since the December 2006 Issues and Options report, Council have identified three ways to respond to housing affordability issues in the district.

- District Plan (as authorised through the Resource Management Act)
- Council Community Plan and Annual Plan (as authorised through the Local Government Act)
- Non-Regulatory methods that can be adopted as Council policy.

The following table outlines prioritised actions identified by Council, over two stages.

Stage one - late 2006-07

District Plan	Council Community Plan / Annual Plan	Non-regulatory methods (including council policy)
Proposed Plan Change 24 - Notified October 2007.	Advocate for changes by government to the LGA and RMA that currently present barriers to incentives	Stakeholder agreements to provide affordable housing for plan changes (several signed) Hope Strategy update.

The Stage 1 actions represented in the table above have all been achieved within the timeframes indicated.

The submitters request for an amendment to the current Development Contributions policy would fall under a Stage 2 action:

Stage two - late 2007-09

Most of the following matters require Central Government Legislative change to enable a Council to pursue these approaches. Council is waiting for the content of the signalled Housing Affordability Bill.

Future District Plan Changes	Council Community Plan/Annual Plan	Non-regulatory methods
Explore a financial contribution regime for community housing *	Recognise community housing as social and economic infrastructure. Explore a Development	Explore the possibility of streamlining the consenting processes of developments that provide community housing.

<p>Explore inclusionary zoning, commercial linkage options and incentives.</p> <p>Explore the possibility of 'density bonuses' in return for community housing.</p>	<p>Contribution regime for community housing*</p> <p>Explore remission of rates/development contributions as an incentive.</p>	
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** Note - the Council would only pursue a Development Contributions or a Financial Contributions regime, not both.*

Council notes the submitters request for consideration of relief of development contributions for affordable housing, which will be considered during the incentives project work referenced in issue 5.6 above, but considers that this issue is outside of scope under PC24.

Relief sought: Armada Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd and Jacks Point Ltd seek that the Plan Change be withdrawn or cancelled or, in the alternative, that the District Plan is amended to address the issues and resolve the concerns raised in their submissions.

Southern Planning Group sought that the Plan Change be withdrawn in its entirety. Alternatively, that the consent authority (*sic*) make such additions amendments or consequential changes to any relevant part of the Plan Change documentation as are necessary to address the issues and concerns raised in its submission.

John Edmonds Associates Ltd seek that the council clarify the relationship between monetary development contributions and affordable housing contributions.

Recommendation

That the submissions and further submissions of all parties on this topic be **rejected**.

Reason

There is no scope to consider an amendment to Council's Development Contributions Policy within PC24.

6.0 ADEQUACY OF PLAN CHANGE AND SUPPORTING WORK

6.1 Inadequacy of Analysis

Issue: Inadequacy of the section 32 analysis.

Original Submissions from

- Armada Holdings Ltd
- Foodstuffs Ltd
- H & J Smith Ltd
- Infinity Investment Group Ltd

Jacks Point Ltd
Five Mile Holdings Ltd
Glendore (N.Z.) Ltd
Queenstown Hill Developments Ltd
Remarkable Heights Ltd
Remarkables Park Ltd

Further submissions in support from

Armada Holdings Ltd
Infinity Investment Group Ltd
The Hills
Central Land Holdings Ltd
Orchard Road Holdings Ltd
Remarkables Park Ltd
Willowridge Developments Ltd
Queenstown Airport Corporation

Further submissions in opposition from

None.

Discussion

The Council considers the Section 32 analysis that has accompanied Plan Change 24 to be sound and robust in accordance with the Act. It has carried out an exhaustive consideration of options and undertaken extensive consultation. If there remain any inadequacies (and it is the Council's opinion that there are not) the section 32 process as continued through the hearing process will allow other matters to be considered.

The comments of individual submitters with regards to this issue will be responded to below.

Five File Holdings Ltd and Glendore (N.Z.) Ltd stated the following:

The Section 32 report fails to effectively examine the extent to which each objective is the most appropriate way to achieve the purpose of this Act and whether, having regard to the efficiency, effectiveness, the policies rules or other methods are the most appropriate for achieving this objective.

Response: This statement is disputed. The Council is satisfied it has done this.

The Section 32 report fails to give due consideration to alternative methods for achieving affordable housing. Alternatives such as central government initiatives, rates or development contributions under the Local Government Act are not subject to meaningful analysis.

Response: The Section 32 analysis is considered to have adequately considered these options. There is no indication that Government initiatives are intended in the District that would mitigate the effect of development on housing affordability. 'Income assistance such as from central government for low income households' can be factored into the process for considering the level of mitigation necessary as outlined in proposed Appendix 11. The Affordable Housing Territorial Authorities Enabling Bill is, as its name suggests, enabling. It will not in itself mitigate effects on the affordability of housing. There is uncertainty about the passage of the Bill and the Council considers it can achieve mechanisms for mitigating the

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effects of development upon housing affordability under the Resource Management Act (as discussed elsewhere in this report). It is not considered that this option is appropriate.

The levying of rates for Affordable Housing would effectively require existing landowners to subsidise the provision of affordable housing. Plan Change 24 is being progressed on the premise that development is contributing to problems of housing affordability and establishes a mechanism for new development to mitigate its effect in this regard. This is considered equitable and preferable to ratepayers meeting these costs.

There is considered to be no scope for development contributions to be levied for affordable housing under the Local Government Act.

Queenstown Hill Developments Ltd and Remarkable Heights Ltd state the following:

The Section 32 analysis has not adequately assessed whether the provisions of Plan Change 24 are the most appropriate way to achieve the purpose of the RMA

Response: This statement is disputed.

The Section 32 analysis has not had sufficient regard to the efficiency and effectiveness of the proposed objectives, policies and methods;

Response: This statement is disputed.

The Section 32 analysis has not had sufficient regard to the role of other non-statutory mechanisms for the Council to secure the availability of affordable housing within the District.

Response: The submitters are invited to be more explicit as to what non-statutory methods they believe should be considered should they attend the hearing.

Plan Change 24 introduces policies and objectives into the Plan and establishes a method for assessing the effects of development on the affordability of housing and mitigating these effects. This provides more certainty to the development community as to the Council's expectations around the issue. Non-statutory arrangements such as stakeholder agreements (as have been used in the District recently) are not precluded as a means to mitigate the effects on the affordability of housing as outlined in proposed Appendix 11.

It is considered important to introduce Plan Change 24 as stakeholder agreements ensuring affordable housing will not be achievable on all occasions. The Council has been able to negotiate these to date but there is no guarantee this will continue. Also, large discretionary subdivision consents that have been granted consent have had no obligation to consider their effects on the affordability of housing.

The HOPE strategy discussed and evaluated options for addressing housing affordability issues in the District. It concluded a range of statutory and non-statutory actions were appropriate for the Council to pursue (including a District Plan Change).

The Council has not completed an adequate analysis of the economic and social consequences of the changes implemented through Plan Change 24.

The economic and social benefits of development mitigating its adverse effects on the affordability of housing, and the costs of this not occurring, have been adequately considered and explained in the Section 32 report.

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Remarkables Park Ltd state that the Section 32 report is inadequate for the following reasons:

It does not analyse the [Affordable Housing Territorial Authorities Enabling] Bill, despite the author of the section having attended a central government workshop on the Bill.

Response: This matter is discussed further through issues of Scope- see 1.3-1.5.

The section 32 report does not consider the risk of continuing with Plan Change 24, when it may subsequently be determined that Plan Change 24 is ultra vires to the Act.

The Council is of the opinion that Plan Change 24 is not *ultra vires* to the Act.

It does not evaluate the Bill as an alternative to Plan Change 24

Refer to comments above.

It does not evaluate the Bill as a basis for not acting at the current time because there is uncertain or insufficient information about the subject matter of the change.

Refer to comments above. As discussed elsewhere, the Council considered there is scope to achieve Plan Change 24 under the RMA.

Relief sought

Five Mile Ltd and Glendore (NZ) Ltd seek that the Plan Change 24 be withdrawn in its entirety.

Remarkable Heights Ltd and Queenstown Hill Developments Ltd seek that Plan Change 24 be **rejected** in its entirety or that Appendix 11 and Policies 1 and 2 of Objective 1 be deleted or that other amendments be made to address the concerns in their submissions.

Remarkables Park Ltd seek that the Plan Change be withdrawn or that it be amended to address the concerns raised in their submission.

Recommendation

That the submissions and further submissions related to this issue be **rejected**.

Reason

The Section 32 process is considered to have been robust and comprehensive.

6.2 No Rules in PC24?

Issue: The plan change is incomplete in that it does not contain rules. This passes the issue onto future Plan Changes, which creates uncertainty.

Original Submissions from

Five Mile Holdings Ltd
Glendore (N.Z.) Ltd

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Peninsula Road Ltd (believes it makes it uncertain whether it applies to existing development. Considers that effect cannot be given to the objectives and policies).

Further submissions in support from

Central Land Holdings Ltd
Orchard Road Holdings Ltd
Willowridge Developments Ltd

Further submissions in opposition from

None.

Discussion

The Plan Change sets out a defined procedure for calculating what the future affordable housing contributions will be. With future Plan Changes that have a geographic application (for example new greenfield zonings on the edge of Wanaka) this is expected to often be enshrined in rules.

There is always some uncertainty around discretionary and non-complying activities given that the consent authority can decline consent for these. The policies and objectives of the Plan need to be considered in assessing applications for these activities. Plan Change 24 introduces further policies and objectives for applications for these activities to consider.

Appendix 11 sets out in detail how affordable housing contributions are to be calculated. This is considered to provide certainty.

The Implementation Methods as included in Plan Change 24 establish how the objectives and policies will be given effect to.

Relief sought

Five Mile Ltd and Glendore (NZ) Ltd seek that the Plan Change 24 be withdrawn in its entirety.

Peninsula Road Ltd requests that Plan Change 24 be placed on hold until the proposed rules intended to implement the Plan Change 24 objectives and policies are publicly notified, so the objectives, policies and rules can be considered at the same time. Peninsula Road Ltd also request that the provisions of Plan Change 24 be reconsidered and amended to address the concerns detailed in its submission.

Recommendation

That the submissions of Five Mile Ltd, Glendore (NZ) Ltd be **rejected**. That the submission of Peninsula Road Ltd be **accepted in part**, the part that is **accepted** relates to the addition of assessment matters discussed in issue 7.11, and the part that is **rejected** is the need for rules.

Reason

It is considered that Appendix 11 provides sufficient certainty for assessing Affordable Housing matters. It is not considered that the plan change unduly increase uncertainty for

discretionary and non-complying activities. Future zoning changes can be expected to include rules regarding Affordable Housing which will provide appropriate certainty at that point.

6.3 More research required?

Issue: More research is required. It is not appropriate to co-opt overseas experience and seek to apply it in a QLDC context. Comparisons with non-RMA systems are not relevant.

Original Submissions from

Armada Holdings Ltd
Five Mile Holdings Ltd
Foodstuffs South Island Ltd
Glendore (N.Z.) Ltd
H & J Smith Holdings Ltd Group
Infinity Investment Group Holdings Ltd
Jacks Point Ltd

Further submissions in support from

Armada Holdings Ltd
Infinity Investment Group Ltd
The Hills Ltd
Central Land Holdings Ltd
Orchard Road Holdings Ltd
Willowridge Developments Ltd
Remarkables Park Ltd

Further submissions in opposition from

none

Discussion

There is no research that can be conducted to compare with a RMA-type system, as there is no RMA type system in operation anywhere else in the world. Therefore, the research that has been conducted has analysed a wide range of systems and tools and informed the Council's policy development, and where possible, aligning the lessons learned from the examples to not only an RMA framework but to the full range of roles and responsibilities of local government, central government and the community housing trust sector (see issues 1.1, 5.7 for example).

Submitters are invited to provide any research they wish the Commissioners to consider.

Relief sought

That the Plan Change be withdrawn or cancelled or, in the alternative, that the District Plan is amended to address the issues and resolve the concerns raised in their submissions.

Recommendation

That all submissions and further submissions on this topic be **rejected**.

Reason

Officers consider that the sufficient research has been conducted, given the limited examples that are applicable in an RMA framework.

6.4 Lack of peer review?

Issue: Lack of peer review of Appendix 11 and mitigation rates

Original Submissions from

Five Mile Holdings Ltd
Glendore (N.Z.) Ltd

Further submissions in support from

none

Further submissions in opposition from

none

Discussion

The development and peer review of Plan Change 24 has involved a large team of consultants and professionals, including developers whose developments would need to apply the provisions of PC24 if enacted. The plan change process is subjecting PC24 to the correct review and critique as set forth in the RMA. There is no need for alternative peer review at this stage of the plan change.

Relief sought

Five Mile Ltd and Glendore (NZ) Ltd seek that the Plan Change 24 be withdrawn in its entirety.

Recommendation

That the submissions of Five Mile Ltd and Glendorer (NZ) Ltd be **rejected**.

Reason

Officers consider that the process of developing PC24 has been robust.

6.5 Survey data reliable?

Issue:

Concerns about reliance that can be placed on the HOPE Strategy Business Community Survey (given the small base surveyed and low response rate), and an absence of a survey of the housing experience of low to moderate income residents and temporary workers as a guide to the development and form of Affordable and Community Housing.

Original Submissions from

Ladies Mile Partnership

Further submissions in support from

none

Further submissions in opposition from

none

Discussion

Submitters attention should be drawn to the November 2007 Queenstown Labour Market Analysis prepared by Ministry of Social Development, Department of Labour and the QLDC. This 2007 study was expanded and improved to address the limitations of the 2005 HOPE Strategy Business Community survey. No weight was placed on the 2005 study in the development of PC24. Although development of PC24 occurred prior to release of the results from the November 2007 Labour Market Analysis, its results support the direction that an effort is needed other than reliance on employers to solve issues of housing affordability.

The Labour Market Analysis included references in questions 6, 7 and 8 (see page 61-63 of that report) to matters of housing affordability and access. Page 45 reported that a factor in Impediments to Recruitment of "Housing too Expensive" was listed as significant and critical by 71% of respondents. The Labour Market Analysis responses to questions 7&8 indicated that few employers were providing housing assistance to their employees, and the narrative suggested a worthwhile followup effort on this by the Housing Trust.

Relief sought

Ladies Mile Partnership seeks that the consent authority makes any further changes to address issues raised in its submission.

Recommendation

That the submissions of Ladies Mile Partnership be **rejected**.

Reason

No reliance has been placed on the 2005 survey in the preparation of PC24 that wasn't substantiated by the more robust 2007 survey.

6.6 Further studies required?

Issue

Claim that a study is needed on how the costs might fall on other home owners, land owners etc not provided as indicated by Working Paper One. Include financial costs of assistance provided to the Queenstown Lakes Community Housing Trust. Also more study needed on possibility of development relocating in other Districts.

Original Submissions from

Southern Planning Group

Further submissions in support from

Armada Holdings Ltd
Infinity Investment Group Ltd
The Hills

Further submissions in opposition from

None.

Discussion

The section 32 report discussed how the focus of the Plan Change 24 on new development (that being new zonings and non-complying and discretionary activities) provides for the costs of mitigating the effects of development on affordability of housing can be absorbed in the development process rather than passed on to other landowners and homeowners. This is further discussed in this report.

The Plan Change is designed to ensure that the costs to development are proportionate to the effect of that development on the affordability of housing. This is considered fair and reasonable as if this effect is not mitigated the negative effects are borne by the community at large.

It is not considered that further study is necessary on this issue at this stage. Please see the response to issue 6.3 above.

Financial assistance provided to the Trust is a matter outside of this Plan Change. If the submitters are interested in the amount of financial assistance granted to the Trust by the Council, this information is available in the Annual Plan.

An analysis of the possibility of development relocating to other districts is likely to be very speculative. The fundamentals driving growth and development in the District are considered to be strong. The amount of development in the district has remained extremely high in spite of introduction of development contributions policies in the past. Regardless, the possibility that some development may relocate is not considered an appropriate reason for the community to bear the costs of housing affordability problems that have worsened as a result of development not mitigating its effects in terms of housing affordability.

Lastly, it is important to note that it is the relocation of people and businesses (or risk of) outside of the District as a result of a lack of affordable housing that is a key driver for Plan Change 24. This issue is considered to be of greater concern to the community than the risk of some developments not proceeding on the basis of the extra cost of their mitigating their effects on the housing market.

Relief Sought

Southern Planning Group sought that the Plan Change be withdrawn in its entirety. Alternatively, that the consent authority make such additions amendments or consequential changes to any relevant part of the Plan Change documentation as are necessary to address the issues and concerns raised in its submission.

Recommendation

That Southern Planning Group's submission be **rejected**.

That the further submissions on this issue be **rejected**.

Reason

It is considered that these matters have been adequately considered in the process to date.

6.7 Fringe Benefit Tax?

Issue: PC24 fails to address the impact of Fringe Benefit Tax (FBT) on employer's ability to deliver affordable housing to their employees.

Original Submissions from

Remarkables Park Ltd

Further submissions in support from

none

Further submissions in opposition from

none

Discussion

Fringe Benefit Tax is a matter controlled by central government. Neither the RMA nor Local Government have authority to make any changes with regard to this tax. For this reason the matter is outside the scope of PC24.

Relief sought

Remarkables Park Ltd seek that the Plan Change be withdrawn or that it be amended to address the concerns raised in their submission.

Recommendation

That the submission of Remarkables Park Ltd. be **rejected**.

Reason

Officers consider that the Fringe Benefit Tax is outside the scope of PC24.

7.0 APPROPRIATENESS OF PROVISIONS

7.1 Density?

Issue: Some zones (e.g. Special Zones, Resort Zones and Rural Visitor Zones) do not anticipate the higher density requirements of Affordable Housing. Objective 2 seeks to increase residential development which is contrary to the decision on Plan Change 10.

Original Submissions from

Armada Holdings Ltd
Foodstuffs South Island Ltd
H & J Smith Holdings Ltd Group
Infinity Investment Group Holdings Ltd
Jacks Point Ltd

Further submissions in support from

Armada Holdings Ltd
Infinity Investment Group Ltd
The Hills Ltd
Central Land Holdings Ltd
Orchard Road Holdings Ltd
Willowridge Developments Ltd
Remarkables Park Ltd

Further submissions in opposition from

none

Discussion

PC24 does not require affordable housing to be developed in a higher density built form than the rest of the development with which it is co-located. Appendix 11, Section 1B Design principles (i) state that “Affordable Housing should be designed and constructed in accordance with best practice in urban design principles, and it should comply with and be assessed against the same criteria that apply to other housing in the relevant development zone or area.” For example, a Resort Zone may decide that a residential flat attached to a garage is the most suitable form in which to deliver affordable rental housing for its workforce. That type of built form might be consistent with the design principles of the resort. Discussions with Millbrook Resort have explored this option. PC24 does not require any development to include a built form which is not consistent with its design objectives and policies.

With regard to Plan Change 10: Residential Amenity in the High Density Zone, the addition of the NZ Urban Design Protocol to the residential assessment matters provides for design solutions to be considered. What PC24 offers is the ability to consider if a density bonus or similar tool should be provided to encourage the supply of affordable housing (as discussed further in Section 5.6). High Density subzones A and B do not have a density control for a maximum number of units, therefore developing affordable housing as part of a project is neither encouraged or discouraged on a unit basis.

Relief sought

Armada Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd and Jacks Point Ltd seek that the Plan Change be withdrawn or cancelled or, in the alternative, that the District Plan is amended to address the issues and resolve the concerns raised in their submissions.

Recommendation

That the submissions and further submissions in support be **rejected**.

Reason

Officers consider that PC24 does not require any zone to respond to the delivery of affordable housing by developing at a higher density, but provides for that option subject to consistency with the urban design principles of the development, and subject to the need to provide certainty over the form of development that may result from the application of such bonuses.

7.2 Are some areas inappropriate for affordable residential development?

Issue: PC 24 fails to adequately deal with the fact that not every development will be appropriate for Affordable Housing. It should consider that there may be areas which are inappropriate for affordable residential development (e.g. have reverse sensitivity issues, expensive areas where more housing could be provided off-site and places that are distant from work, transport and community services).

Original Submissions from

Armada Holdings Ltd
Central Land Holdings Ltd
Foodstuffs South Island Ltd
H & J Smith Holdings Ltd Group
Infinity Investment Group Holdings Ltd
Jacks Point Ltd
Orchard Road Holdings Ltd
Willowridge Developments Ltd

Further submissions in support from

Armada Holdings Ltd
Infinity Investment Group Ltd
The Hills Ltd
Central Land Holdings Ltd
Orchard Road Holdings Ltd
Willowridge Developments Ltd
Queenstown Airport Corporation
Remarkables Park Ltd

Further submissions in opposition from

None.

Discussion

It has always been assumed that there will be occasions where off-site provision of affordable housing will be the most appropriate option. The term 'exceptional circumstances'

was intended to provide for this. However, in light of the concern raised in these submissions, it is considered appropriate to make changes to the text of Appendix 11 to make it clearer what circumstances would be considered appropriate for the off-site provision of Affordable and Community Housing or the concentration of that housing in one part of the development.

Relief sought

Armada Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd and Jacks Point Ltd seek that the Plan Change be withdrawn or cancelled or, in the alternative, that the District Plan is amended to address the issues and resolve the concerns raised in their submissions.

Central Land Holdings Ltd, Orchard Road Holdings Ltd, Willowridge Developments Ltd seek either that the Plan Change is cancelled or that Appendix 11 be deleted and the Council focus on zoning sufficient amounts of land for housing.

Recommendation

That the submissions of Armada Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd and Jacks Point Ltd be **accepted in part**.

That the submissions of Central Land Holdings Ltd, Orchard Road Holdings Ltd, Willowridge Developments Ltd be **rejected**.

That the further submissions in support of Armada Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd and Jacks Point Ltd be **accepted**.

That the following change be made to Appendix 11:

iii. Affordable Housing should be provided on-site ~~and spread throughout the development~~ unless ~~exceptional circumstances~~ this is not appropriate or practically achievable. Circumstances where this may not be appropriate or practically achievable may include:

- a) Where the zoning of the location does not provide for residential development
- b) Where problems of reverse sensitivity make on-site provision of housing inappropriate
- c) Where the development or subdivision proposes a change of use with restricted potential to provide housing on-site.
- d) Where the consent authority is satisfied that the alternative location offered is of an equal or better location for Affordable Housing, for example it is located closer to transport links or community facilities

iv. Affordable Housing should be spread throughout the development unless this is not appropriate or practically achievable. Circumstances where this may not be appropriate or practically achievable may include where the Affordable Housing to be delivered is of a different built form from the rest of the development and cannot reasonably be spread throughout the development.

Note, for the purposes of readability, it is recommended that this criterion be split as shown above.

Reason

In response to submissions it is acknowledged that greater guidance on what circumstances would warrant off-site provision or clustering of Affordable Housing in one part of a development would be appropriate in the Plan Change. It is recommended that it is made clear that Affordable Housing provision is not expected to be provided on site where the zoning of the location does not provide for residential development.

7.3 Does affordable housing trigger a change in activity status?

Issue: The plan change could change the activity status of certain developments due to the requirement to have Affordable Housing.

Original Submissions from

Armada Holdings Ltd
Foodstuffs South Island Ltd
H & J Smith Holdings Ltd Group
Infinity Investment Group Holdings Ltd
Jacks Point Ltd

Further submissions in support from

Armada Holdings Ltd
Infinity Investment Group Ltd
The Hills Ltd
Central Land Holdings Ltd
Orchard Road Holdings Ltd
Willowridge Developments Ltd
Remarkables Park Ltd

Further submissions in opposition from

None.

Discussion

Plan Change 24 applies only to new plan changes, discretionary and non-complying activities. The decision-making authority has the ability to approve, decline or add conditions (or provisions with respect to plan changes) to any of these planning decisions. The added requirement to consider the need to provide affordable housing is therefore not inconsistent with these processes and activity statuses will not be changed.

In raising the concern, the submitters may be referring more to the assumption that affordable housing should usually be provided on-site. The intention has been that affordable housing be provided off-site where planning provisions indicate that on-site residential activity would be inappropriate. Changes are to be made to make sure this is made more explicitly in the text.

For example, a development in the high density zone may be of a restricted discretionary nature, with discretion reserved to matters of design, but if an affordable housing component is included and they wish to request consideration for a slight increase in site coverage to provide for the affordable housing units as per the AHIMS, it is true that this may make the development fully discretionary and require public notification. Therefore, officers suggest that language be added to Appendix 11 to enable the provision of Affordable Housing to the scale and intent as set out in that developments AHIMS to be exempt from notification requirements if the affordable housing is the only matter that would trigger public notification of the development.

Relief sought

Armada Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd and Jacks Point Ltd seek that the Plan Change be withdrawn or cancelled or, in the alternative, that the District Plan is amended to address the issues and resolve the concerns raised in their submissions.

Recommendation

The submissions of Armada Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd and Jacks Point Ltd are **accepted in part**.

That the further submissions in support be **accepted**.

The following change is recommended: That a new section to Appendix 11, Section 2, Part B 3 be added as follows:

(iii) With respect to Notification of applications containing a component of Affordable Housing: Affordable Housing to the scale and intent as set out in that developments AHIMS shall be exempt from notification requirements if the affordable housing is the only matter that would trigger public notification of the development.

Reason

In order to avoid confusion, officers believe it advisable to provide guidance to consent officers of Council's intent that a change in activity status solely to deliver affordable housing not trigger a requirement for public notification.

7.4 Definition of 'affordability'; 'Affordable Housing'

Issue: With regard to the definition of affordability. Do 'ownership costs' account for matters such as rates, insurance and ongoing maintenance and are capital and market interest rates taken into account?. Is a maximum of 30% of gross income being spent on housing the right percentage? Should any percentage be stipulated?

Original Submissions from

Armada Holdings Ltd
Foodstuffs South Island Ltd
H & J Smith Holdings Ltd Group
Infinity Investment Group Holdings Ltd
Jacks Point Ltd
Peninsula Road Ltd

Queenstown Lakes Community Housing Trust

Further submissions in support from

Armada Holdings Ltd
Infinity Investment Group Ltd
The Hills Ltd
Remarkables Park Ltd

Further submissions in opposition from

none

Discussion

It appears that submitters are concerned that a fixed percentage of household income, 'which does not generally exceed 30%' may unduly constrain developers in the provision of affordable housing. Readers are referred to the more extensive discussion of 'eligibility' contained in the HOPE Strategy Update, Part A: Eligibility Criteria. PC 24 through the implementation methods associated with its Objective 1 provide for "other methods" which include "By reference to the HOPE Strategy". This implementation method was designed to allow for the wider flexibility associated with calculations of Net and Gross income provided in the Part A: Eligibility Criteria. Nevertheless, it is important that the District Plan definition of Affordable Housing provide certainty as to at least a range of the amount that a household is expected to contribute to their housing costs, even if the specific amount is likely to vary depending on whether it is intended to serve a low income or moderate income household, the location and size of the unit, and what form of tenure is used.

There are two options in how to address the submitters concerns regarding the definition of "Affordable Housing", each of which is discussed in turn below.

Option 1: keep a limited, brief definition in the District Plan, and refer to the HOPE Strategy Part A – Eligibility Criteria for further guidance.

This is the preferred option, as any more detailed wording in the district plan may not allow the flexibility desired. Officers are of the view that the current definition does provide an adequate guide, with the specific levels of affordability for any given development to be set through the AHIMS for that development. Further, this option includes a reference in Part A – Eligibility Criteria to the Queenstown Lakes Community Housing Trust as the body to which delegated authority is proposed:

6) Authority

These criteria are to serve as parameters to guide development and administration of Affordable and Community Housing schemes.

The Queenstown Lakes Community Housing Trust shall retain the option to apply further criteria and to amend criteria as needed for the effective operation of various schemes, and to seek approval of the Council should substantial variation be required.

It is thought that the above clause on Authority provides a high level of both certainty and flexibility, and is consistent with submissions desiring flexibility.

With regard to the specific concerns of what costs of ownership are included, the following section is excerpted from the HOPE Strategy, Part A – Applicant Eligibility Criteria, with slight modifications:

2) **Income Test**

- a) Applicants are eligible for the Scheme if their Household Income **does not exceed the 140% of the Area Median Income (AMI) band for the Queenstown-Lakes District**, and as adjusted annually by the Consumer Price Index (CPI), or as published by Statistics New Zealand.
- b) Housing is deemed ‘affordable’ if its cost to rent or own generally does not exceed the listed percentage of the Low or Moderate Income Household’s Gross or Net Income, as per their tenure arrangement:

<u>Income Band:</u>	<u>Low Income</u>		<u>Moderate Income</u>	
<u>Tenure:</u>	<u>Ownership</u>	<u>Rental</u>	<u>Ownership</u>	<u>Rental</u>
<u>Gross Household Income</u>	<u>35%</u>	<u>25%</u>	<u>40%</u>	<u>30%</u>
<u>Net Household Income</u>	<u>50%</u>	<u>45%</u>	<u>60%</u>	<u>55%</u>

- c) the Household spends no more than the higher of the Cost to Rent or Own for either the Gross Household Income or Net Household Income calculations set forth below:
- i) **Cost to Rent or Own - Gross Household Income:** Means that amount available for the following listed accommodation costs, based on a calculation of all income earned from any source, by all household members, before deduction for Income Tax (PAYE):
- (1) Rent or lease payments (to rent a house);
 - (2) mortgage repayments (interest and principal repayments on mortgages to purchase a house).
- ii) **Cost to Rent or Own - Net Household Income:** Means that amount available for the following listed accommodation costs, based on a calculation of all income earned from any source, by all household members, after deduction for Income Tax (PAYE):
- (1) Rent or lease payments (to rent a house);
 - (2) mortgage repayments (interest and principal repayments on mortgages to purchase a house);
 - (3) the cost of providing space heating, hot water, power and cooking fuel, such that all habitable rooms can be heated to 18C, 16 hrs per day;
 - (4) body corporate fees (if applicable);
 - (5) rates (including local authority rates and water rates);
 - (6) house insurance premiums (excluding contents insurance);
 - (7) mortgage protection insurance or life insurance (only if this is compulsory for the mortgage);

*(8) essential repairs and maintenance costs to the home;
payment towards a deposit (limited circumstances apply).*

iii) *Note: Section 2B need not apply for Temporary Worker Households*

(Note: the calculations supporting the percentages listed in this discussion can be requested for the hearing)

While some may argue that for maximum certainty the above should be included in the district plan, it is thought that the HOPE Strategy is a more appropriate home for such detail, which can more readily be adjusted by the Community Housing Trust if required (see issue 4.2 for more discussion on role of the Community Housing Trust).

Note that the “income test” language above is recommended to be modified for the HOPE Strategy update, which is separate to PC24. A change is recommended to the definition of “Affordable Housing” in PC24 to make a clearer connection to the Eligibility Criteria income test.

Option 2: Expand the definitions of Affordable Housing et al in the district plan.

Instead of including the expanded definition discussed above in the HOPE Strategy, would it be preferable to add this language to the District Plan? Officers would not recommend doing so, in large part as the very flexibility that submitters seek, and which can be achieved through the Community Housing Trust involvement is no longer possible if a rigid definition be included in the District Plan.

Relief sought

Armada Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd and Jacks Point Ltd seek that the Plan Change be withdrawn or cancelled or, in the alternative, that the District Plan is amended to address the issues and resolve the concerns raised in their submissions.

Peninsula Road Ltd also request that the provisions of Plan Change 24 be reconsidered and amended to address the concerns detailed in its submission.

Queenstown Lakes Community Housing Trust request that aspects of the Trust’s role were clarified, and greater flexibility be allowed.

Recommendation

That all submissions on this issue be **accepted in part**. That part which is accepted is the principle of amended language to the definition.

That a change to the Definition of Affordable housing be made to assure the flexibility included in the HOPE Strategy Part A – Applicant Eligibility Criteria:

Affordable Housing: Means a Residential Activity whose cost to rent or own generally does not exceed 30% of the income of low to moderate income households or as indicated in Part A – Eligibility Criteria as specified in the HOPE Strategy, and which reflects the design criteria established in Appendix 11. It includes Community Housing.

Reason

Officers consider that the combination of flexibility and certainty desired by submitters can be achieved through the modification recommended above.

7.5 Can developments be structured to avoid delivering affordable housing?

Issue: Developers may structure development applications in order to avoid the requirement of providing Affordable Housing, which may produce poor outcomes.

Original Submissions from

Armada Holdings Ltd
Foodstuffs South Island Ltd
H & J Smith Holdings Ltd Group
Infinity Investment Group Holdings Ltd
Jacks Point Ltd
John Edmonds Associates Ltd (question whether various stages of a development should be considered individually or cumulatively with changes of use)

Further submissions in support from

Armada Holdings Ltd
Infinity Investment Group Ltd
The Hills Ltd
Remarkables Park Ltd

Further submissions in opposition from

None.

Discussion

It is recognised that in some cases this may occur. One option to address this would be to remove the 'threshold' for which affordable housing contributions are expected to be contribute (where they are calculated to create at least 0.8 Relative Household Equivalents) so that all developments provide Affordable Housing. However, in the interests of efficiency, this option has been discounted as it would provide considerable compliance costs for a small amount of affordable housing delivery.

However, it is recognised that there may be occasions where this may occur. In response officers recommend the change outlined below.

As further discussion, it is worthwhile to consider further whether developers would genuinely see the mitigation outlined in Appendix 11 as problem for their development if they are only marginally above the 'threshold' for Affordable Housing.

The District has a very tight labour market with low or no unemployment. This is seen to be adversely affecting business in the District. A lack of housing that is affordable and of suitable quality is commonly seen as a key problem in attracting and retaining staff (Queenstown Labour Market Analysis, November 2007). Few businesses provide staff housing in order to address this problem.

Consider the example of a visitor accommodation development that is discretionary due to the scale of development being beyond what is achievable through a permitted, controlled or

restricted discretionary activity. If the application of Appendix 11 established a requirement of say, one one-bedroom unit, this could be provided and covenanted so that the business operator has first right-of-refusal on use of the unit for their staff. This could presumably add to the market appeal and value of the development.

Similar examples can be conceived in areas such as retail developments that are discretionary or non-complying where the unit is used as employee housing. It is considered that these examples may mean that in many cases developers do not feel it necessary to structure development proposals to avoid contributions of affordable housing.

Relief sought

Armada Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd and Jacks Point Ltd seek that the Plan Change be withdrawn or cancelled or, in the alternative, that the District Plan is amended to address the issues and resolve the concerns raised in their submissions.

John Edmonds Associates Ltd seek that the Council provides more clarity around the implications for Affordable Housing assessments and provision in regard to change of use.

Recommendation

That the submissions of Armada Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd and Jacks Point Ltd be **accepted in part**.

That the further submissions be **accepted in part**.

While this is not considered to be a reason to withdraw or cancel the Plan Change, an additional statement in the methodology will be included to address situations where proposals are staged to avoid Affordable Housing requirements:

Add the following after Table 3:

[Where a development is staged or split into multiple subdivision or resource consents, later stages of the subdivision, development or separate but related subdivision or resource consents should consider the previous stages or concurrent applications jointly with the proposal that is being assessed. This includes considering the cumulative effect of earlier stages that were found to produce less than 0.8 Relative Household Equivalents \(if Affordable Housing provisions existed at the time application was made for those stages\).](#)

That the submission of John Edmonds Associates Ltd be **accepted** (it is considered the above change should address to some degree the concerns of the submitter).

Reason

It is agreed that some developers may attempt to circumvent the requirements for Affordable Housing by structuring applications so as to avoid Affordable Housing requirements. The change recommended should help to prevent or discourage developers doing this.

7.6 Temporary workers

Issue: The definition of temporary workers.

Original Submissions from

Five Mile Holdings Ltd

Glendore (N.Z.) Ltd (above state that the definition of temporary workers that is constrained to six months is unrealistic and flawed)

Peninsula Road Limited (questions the interrelationship between the definitions of 'permanent' residents and temporary residents)

Further submissions in support from

none

Further submissions in opposition from

none

Discussion

Officers acknowledge that there is an issue with the current definitions in the district plan that consider worker accommodation, where a worker may be resident for less than 3 months but who usually resides longer than 3 months, to require a 'visitor accommodation' use classification. The definitions of Resident Household and Temporary Worker are intended to address this issue, and to confirm that housing for the workforce should be considered a residential activity, usually a permitted, or controlled activity in the District Plan.

The issues raised by submitters have pointed out that the definitions as notified in PC24 did not resolve all matters worthy of consideration. For that reason, the following alterations are proposed:

- a) Consideration that the length of stay is less important than whether the definitions accurately reflect whether the household works, or works and resides in the district. The reason for this distinction has to do with what type of built form can meet the needs of the worker household. Presumably, a household that only works in the district for some or all of the workweek, and maintains a permanent residence elsewhere, would be well accommodated in a small unit, perhaps with shared facilities, as their use is largely alone, and not of a primary nature. On the other hand, a household who works in the district and considers the district their primary residence, would more likely be in need of a unit that provided for not only their needs but the needs of a family, and which can serve to meet their housing aspirations. Such households would more likely be considered Resident Households.
- b) Consideration that an additional definition of "Worker Accommodation" be added to remove uncertainty as to how this term is used in relation to other district plan terms that have in the past required Visitor Accommodation use classification for an activity which is predominantly residential.

Relief sought

Five Mile Ltd and Glendore (NZ) Ltd seek that the Plan Change 24 be withdrawn in its entirety.

Peninsula Road Ltd request that the provisions of Plan Change 24 be reconsidered and amended to address the concerns detailed in its submission.

Recommendation

That the submissions of Five Mile Ltd and Glendore (NZ) Ltd be **rejected**.

That the submissions of Peninsula Road Ltd be **accepted**.

That the following change be made to the Definitions notified with PC24:

Resident Household: *Means a Household whose members ~~reside and work permanently~~ are employed and maintain their primary residence within the District.*

Temporary Worker Household: *Means a Household whose members ~~reside and work permanently~~ are employed in the District but maintain a primary residence outside of the District for no more than 6 consecutive months at a time.*

Worker Accommodation: *means Affordable Housing for Resident and/or Temporary Worker Households.*

NOTE: *Use of the term “employed” is meant to include all forms of work or gainful employment regardless of its legal status (eg employee, sole proprietor/practitioner, consultant, business owner, et al)*

Reason

Officers consider that the clarification sought by submitters can best be achieved through the recommended modifications to the definitions.

7.7 Minimum unit sizes

Issue: Minimum unit sizes suggested in Appendix 11 in table 1.

Original Submissions from

Five Mile Holdings Ltd

Glendore (N.Z.) Ltd (above state they overestimate requirements and are out of step with more realistic options proving to be successful elsewhere.)

Peninsula Road Ltd ('queries the minimum unit sizes')

Further submissions in support from

none

Further submissions in opposition from

none

Discussion

It is a concern of the Council that the affordable housing delivered is of an adequate size for healthy living.

It is considered that in the Queenstown Lakes District, which has a relatively cold winter climate, it is important for people to have reasonable amounts of indoor space.

To date there has not been widespread community concern about inadequately sized housing in the Queenstown Lakes District. However, there is a risk that some developers would minimise the size of the housing they provide in order to minimise the cost of contributions resulting from Plan Change 24. In Auckland City there was concern at the size of some units that were being delivered and whether they provided for healthy living. As a response, Auckland City Council notified Plan Change 2 to the Operative District Plan which introduced these same minimum unit sizes. These same minimum sizes have been used in Plan Change 24 (with the addition of a minimum size for four-bedroom houses). It is noted that these sizes are under appeal, but only with regards to the issue of shared student accommodation.

Relief sought

Five Mile Ltd and Glendore (NZ) Ltd seek that the Plan Change 24 be withdrawn in its entirety.

Peninsula Road Ltd request that the provisions of Plan Change 24 be reconsidered and amended to address the concerns detailed in its submission.

Recommendation

That the submissions of Five Mile Ltd, Glendore (NZ) Ltd and Peninsula Road Ltd be **rejected**.

Reason

It is not considered that there are reasons why less habitable space would be appropriate in the Queenstown Lakes District than in Auckland City.

7.8 Change “Gross Floorspace” to “Gross Floor Area”

Issue: The term ‘gross floorspace’ should be changed to ‘Gross Floor Area’. Garages should not be considered as gross floor area.

Original Submissions from

John Edmonds Associates Ltd
Queenstown Lakes District Council

Further submissions in support from

None.

Further submissions in opposition from

None.

Discussion

For the purposes of consistency with the definitions of the Plan and the avoidance of confusion it is **accepted** that a change should be made with regards to the term Gross Floor Area.

It is agreed that garages should not be considered as Gross Floor Area.

The relief sought by the Council and John Edmonds Associated Ltd is effectively the same (although worded differently).

Relief Sought

John Edmonds Associates Ltd sought that the term used should be Gross Floor Area as defined by the District Plan, excluding underground carparking.

Queenstown Lakes District Council sought that the term ‘gross floorspace’ be changed to ‘Gross Floor Area’ in all instances and sought that a bullet point be added off the heading of the second column of table 3 stating ‘excluding garages or any other floor space dedicated to car parking’.

Recommendation

That the submission of John Edmonds Associates Ltd be **accepted in part**.

That the submission of Queenstown Lakes District Council be **accepted in part**.

Make the following change to Table 3:

Expected Land or Building Use	<u>Affordable Housing Relative Household Equivalents generated per 1000m² of Gross Floor Area¹</u>
Visitor Accommodation	1.26
Commercial –intensive (includes retail, office, café)	4.36
Commercial – large format (includes bulk retail, wholesale, yard based and industrial)	3.36
Residential	0.37

[1. As defined by this Plan. Excluding garages or any other floor area dedicated to car parking](#)

Reason

It is considered that this will assist with readers of the Plan Change and avoid misinterpretation.

7.9 Why limit affordable housing to existing urban areas?

Issue

Limiting Affordable Housing to existing urban areas is unhelpful and unlikely to deal with the issue effectively.

Original Submissions from

- Peninsula Rd Ltd
- Ladies Mile Partnership
- Armada Holdings Ltd
- Foodstuffs South Island Ltd
- H & J Smith Holdings Ltd Group

Infinity Investment Group Holdings Ltd
Jacks Point Ltd

Further submissions in support from

None.

Further submissions in opposition from

None.

Discussion

It is presumed that reference is being made to the following Issue:

‘How to provide for Affordable Housing in the urban settlements of the District whilst at the same time sustaining compact urban forms which are designed to protect the environmental values and outstanding landscapes of the District.’

And the following policy:

‘To ensure that Affordable Housing is located within the confines of the urban settlements of the District.’

One consideration in including these issues and policies was the desire to ensure that affordable housing is provided at sustainable travel distances to places of work (for example, housing in other districts or in distant locations from employment areas that is provided to mitigate the effect of development on the affordability of housing would lead to excessive commuting distances and associated costs and carbon emissions).

Another reason is that the Council does not wish to see the issue of housing affordability used as a premise for allowing development in areas that have otherwise been identified as inappropriate for urban development. Processes such as the Growth Strategy for the Queenstown Lakes District and the Wanaka Structure Plan have been carried out with considerable consultation with the community. These processes identified the need and community desire to contain the urban limits of the District’s settlements. This is for a number of reasons, including the desire to protect the District’s landscape and manage growth in a way that avoids adverse transport effects.

The Growth Strategy, the Wanaka Structure Plan and the community plans for the different settlements in the District identify logical extensions of the different towns and the Council is investigating developing these into urban growth boundaries via Plan Changes.

The Dwelling Capacity Model demonstrates that there are significant amounts of land available for urban development. This demonstrates that there is no need to zone land beyond these limits in the foreseeable future.

It is important to note this Plan Change does not suggest restricting affordable housing within *existing* urban limits. Plan Changes may be appropriate in certain areas so as to provide for growth as anticipated by the aforementioned strategy documents.

Relief sought

Peninsula Road Ltd requests that Plan Change 24 be placed on hold until the proposed rules intended to implement the Plan Change 24 objectives and policies are publicly notified, so the objectives, policies and rules can be considered at the same time. Peninsula Road Ltd also request that the provisions of Plan Change 24 be reconsidered and amended to address the concerns detailed in its submission.

Ladies Mile Partnership seek the addition of a policy to Objective 1 that seeks to promote the establishment of Affordable Housing within new urban areas that can provide for the social and economic needs of the District's residents. It also seeks that Policy 1, Objective 2 be deleted. It seeks that the consent authority makes any further changes to address issues raised in its submission.

Armada Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd and Jacks Point Ltd seek that the Plan Change be withdrawn or cancelled or, in the alternative, that the District Plan is amended to address the issues and resolve the concerns raised in their submissions.

Recommendation

That the submissions of Peninsula Road Ltd, Ladies Mile Partnership Armada Holdings Ltd, Foodstuffs South Island Ltd, H & J Smith Holdings Ltd Group, Infinity Investment Group Holdings Ltd and Jacks Point Ltd be **rejected**.

Reason

It is considered important that Affordable Housing not be used as a means to support expansion of urban areas beyond those that exist or are identified for future growth.

7.10 Should affordable housing be spread through a development?

Issue

The provisions that advocate the 'spread' of Affordable Housing throughout a development are not practical and are likely to mitigate against cost efficient high density development.

Original Submissions from

Peninsula Road Ltd

Further submissions in support from

None.

Further submissions in opposition from

None.

Discussion

The term 'exceptional circumstances' was intended to ensure that there would be flexibility in the application of this criterion in light of the practicalities of applying it in real life situations and the desire to avoid unduly onerous costs in complying with the plan change. In light of

the submissions received, it is now considered that a more explicit description of the type of circumstances that would render the compliance with this criterion would be of benefit.

The intention is not to mitigate against cost efficient high density development, but undue clustering of Affordable Housing is to be avoided. It is intended that practical considerations will achieve a reasonable balance in this regard.

Relief sought

Peninsula Road Ltd request that the provisions of Plan Change 24 be reconsidered and amended to address the concerns detailed in its submission.

Change recommended

That the submission of Peninsula Road Ltd be **accepted in part**.

Change recommended:

Introduce the following new criterion into Appendix 11.

[iv. Affordable Housing should be spread throughout the development unless this is not appropriate or practically achievable. Circumstances where this may not be appropriate or practically achievable may include where the Affordable Housing to be delivered is of a different built form from the rest of the development and cannot reasonably be spread throughout the development.](#)

Reason

It is considered that this amendment should could give assurance that this criterion will be applied in a reasonable and pragmatic manner.

7.11 Adding Assessment Matters to the District Plan

Issue: Need for assessment matters in relevant chapters of the Plan to remind people of the need to consider Affordable Housing with discretionary and non-complying activities.

Original Submissions from

Queenstown Lakes District Council

Further submissions in support from

None

Further submissions in opposition from

None.

Discussion

The consent authority is not limited to the consideration of the assessment matters so it is therefore not considered that this change would alter the weight of the policies and objectives

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introduced by Plan Change 24. It is therefore considered that, for the purposes of clarity for readers of the Plan, that this change should be **accepted**.

It is also considered that the change requested will contribute to an appropriate structure in the Plan which will enable contributions of land or money to be secured towards Community Housing in accordance with Appendix 11 (a matter that was highlighted in the opinion of MacTodd as shown in Appendix 2).

Following further consideration by officers, the recommended change has been altered from what was requested in the submission.

Relief sought

That the following assessment matter be inserted in the relevant chapters of the Plan:

[Affordable and Community Housing: Whether the provisions of 4.10 and Appendix 11: Affordable and Community Housing have been considered, including an Affordable Housing Impact and Mitigations Statement \(AHIMS\).](#)

Recommendation

That the submission of Queenstown Lakes District Council be **accepted in part**.

The following changes are recommended:

Insert the following assessment matter:

[Affordable and Community Housing: Whether the provisions of section 4.10 have been considered and given effect to, including through an Affordable Housing Impact and Mitigation Statement in accordance with Appendix 11: Affordable and Community Housing.](#)

Into the following chapters:

P 5-42 Rural Areas- Rural Zone and Ski Area Sub-zone
[5.4.2.3 xxxi Affordable and Community Housing](#)

P 5-59 Rural Areas- Gibbston Character Zone
[5.8.2 xv Affordable and Community Housing](#)

P 6-7 Queenstown Airport Mixed-Use Zone
[6.2.6.1 vi Affordable and Community Housing](#)

p 7-51 Residential Areas
[7.7.2 xxiv Affordable and Community Housing](#)

p 8-19 Rural Living Areas
[8.3.2 xv Affordable and Community Housing](#)

p 9-21 Townships
[9.3.2 xxiv Affordable and Community Housing](#)

p 10-60 Town Centres
[10.10.2 xxii Affordable and Community Housing](#)

p 11-17 Business and Industrial Areas

[11.4.2 xii Affordable and Community Housing](#)

Section 12 Special Zones

p. 12-46 Resort Zones and Rural Visitor Zones
[12.5.2 xx Affordable and Community Housing](#)

p. 12-55 Penrith Park Zone
[12.7.6 vi Affordable and Community Housing](#)

p. 12-63 Bendemeer Special Zone
[12.9.6 ii Affordable and Community Housing](#)

p. 12-89 Remarkables Park Zone
[12.11.6 iv Affordable and Community Housing](#)

p. 12-112 Quail Rise Zone
[12.15.6 x Affordable and Community Housing](#)

p. 12-126 Meadow Park Zone
[12.17.6.1 6. Affordable and Community Housing](#)

p. 12-136 Frankton Flats Special Zone
[12.19.2 viii Affordable and Community Housing](#)

p 15-10 Subdivision
[15.2.3.5iii Affordable and Community Housing](#)

Reason

The relief sought is considered appropriate to ensure the correct application of the Plan. A slight amendment has been made to the wording.

7.12 “Unit of Demand” vs “Relative Household Equivalent”

Issue: Interchanging use of the terms ‘unit of demand’ and ‘relevant household equivalent’ in Appendix 11. One should be chosen.

Original Submissions from

Queenstown Lakes District Council

Further submissions in support from

None.

Further submissions in opposition from

None.

Discussion

It is acknowledged that these terms are intended to mean the same thing and that the use of both terms could cause confusion.

Relief sought

Replace 'unit of demand' with 'relative household equivalent' in all instances.

Recommendation

That the submission of Queenstown Lakes District Council be **accepted**.

Change recommended:

Replace 'unit of demand' with 'relative household equivalent' in all instances.

Reason

This change is considered to make Appendix 11 more easily understood without altering its intent.

7.13 Minor wording changes to Appendix 11

Issue: Other minor changes to the wording of Appendix 11 for the purposes of ensuring the intent is clearly understood as submitted by QLDC.

Original Submissions from

Queenstown Lakes District Council

Further submissions in support from

None.

Further submissions in opposition from

None.

Discussion

Further review after notification has allowed staff to identify unintended minor omissions, areas of potential confusion and ways in which the readability of the Plan Change can be improved.

Relief sought

That the following changes be made:

1. Add the word "gross" to the Definition of Affordable Housing as follows:

Affordable Housing: Means a Residential Activity whose cost to rent or own generally does not exceed 30% of the [gross](#) income of low to moderate income households and which reflects the design criteria established in Appendix 11. It includes Community Housing.

(Note- this definition is amended further through issue 7.4)

Plan Change 24 – Affordable and Community Housing

2. Clarify the meaning expressed in Table 3 of Appendix 11, by replacing Units of Demand with Relative Household Equivalents, and confirming that 'gross building floorspace' is more clearly expressed as Gross Floor Area as defined in the District Plan:

Expected Land or Building Use	Affordable Housing Relative Household Equivalents generated per 1000m ² of Gross Floor Area
Visitor Accommodation	1.26
Commercial –intensive (includes retail, office, café)	4.36
Commercial – large format (includes bulk retail, wholesale, yard based and industrial)	3.36
Residential	0.37

3. Changes to Table 4 of Appendix 11:

Delete the column entitled 'Percentage of Affordable Housing Stock' (this is superfluous as dealt with more clearly in Table 5).

Delete the column 'Minimum Unit Size' (This is superfluous as dealt with more clearly in Table 1)

Add a footnote for units smaller than a Studio.

Resulting table is as follows:

Table 4: Units Mixes, ~~Minimum Sizes~~ and Relative Household Equivalents

Unit Type by Number of bedrooms	Relative Household Equivalent
Studio (0 bedroom)	0.8
1	1.0
2	1.6
3	2.0
4	2.6

(Note: Any residential living space providing less private residential space than a Studio shall be deemed to be 0.4 Relative Household Equivalents.

4. Greater opportunity for a wider set of delivery methods, by adding words to page A 11-5

3. Define the methods that are to be used to deliver the Affordable and Community Housing required including, [but not limited to](#), one or a combination of the following: . . .

Recommendation

That the submission of Queenstown Lakes District Council be **accepted**.

It is recommended that the changes sought as outlined above should be made.

Reason

These changes are considered not to alter the effect of the Plan Change as intended when drafted. They will improve the readability and application of the Plan Change.

7.14 Does PC24 inhibit good urban design?

Issue: The Plan Change does not ensure good urban design outcomes. Concern at certainty that land that is transferred to the Trust will not be influenced by the developer to ensure urban design outcomes they seek.

Original Submissions from

Remarkables Park Ltd

Further submissions in support from

None.

Further submissions in opposition from

None.

Discussion

The Plan Change does not affect the application of urban design provisions where existing in zones of the Plan.

The Council is aware of the possibility that some developers may attempt to reduce the costs by producing lower quality housing for the affordable housing than the other housing. Alternatively, developers may perceive a risk that housing developed within their development or subdivision by other entities such as the Queenstown Lakes Community Housing Trust. For this reason the following criterion was included in Appendix 11:

‘Affordable Housing should be designed and constructed in accordance with best practice in urban design principles, and it should comply with and be assessed against the same criteria that apply to other housing in the relevant development zone or area.’

It should also be noted that developers have the opportunity to develop the housing in its entirety before delivering it to the Community Housing Trust (and therefore control the product created). In accordance with Appendix 11, a reduced amount of community housing can be delivered in recognition of this additional cost.

Relief sought

Remarkables Park Ltd seek that the Plan Change be withdrawn or that it be amended to address the concerns raised in their submission.

Recommendation

That the submission of Remarkables Park Ltd be **rejected**.

Reason

The Plan Change is considered to ensure good urban design outcomes in so far as this matter is influenced by the application of the Plan Change.

7.15 What zones does PC24 apply to?

Issue: It is unclear what zones PC 24 applies to.

Original Submissions from

Remarkables Park Ltd

Further submissions in support from

None.

Further submissions in opposition from

None.

Discussion

Plan Change 24 applies to new zones (where it will be made explicit in the provisions of that zone) and to non-complying and discretionary activities. It is considered that this is sufficiently clear in the text as notified.

Relief sought

Remarkables Park Ltd seek that the Plan Change be withdrawn or that it be amended to address the concerns raised in their submission.

Recommendation

That the submission of Remarkables Park Ltd be **rejected**.

Reason

It is considered that this matter is made sufficiently clear in the text as notified.

7.16 Should minor infractions that trigger a higher activity status be subject to affordable housing requirements?

Issue: It is unclear from the Plan Change whether activities that are discretionary or non-complying but meet bulk and coverage site or zone standards (i.e. they are discretionary due to the activity status) should be subject to Affordable Housing requirements.

Original Submissions from

Southern Planning Group Ltd

Further submissions in support from

None.

Further submissions in opposition from

None.

Discussion

The intention is that it is only those applications that breach bulk and coverage site or zone standards (and only that part of the application that breaches the site or zone standards) that are to be subject to Affordable Housing requirements.

The following paragraph (as notified but altered in response to other submissions) addresses the issue:

A satisfactory AHIMS need only consider the proposed increase in development above what ~~is currently anticipated by the~~ can be consented through the District Plan at time of application via. ~~For example, Permitted, Controlled or Restricted Discretionary activities (unless otherwise stated in the zone provisions that apply to the site) or through existing use rights or the consented baseline. are generally considered as 'anticipated' and need not be considered; Plan Changes, Discretionary and Non-Complying activities are not anticipated and must be considered.~~

It is a logical conclusion that if no extra employment is created by the activity proposed over and above what is achievable by a permitted, controlled or restricted discretionary activity, that there be no affects on the affordability of housing and therefore no mitigation necessary.

However, it is acknowledged that for the purposes of applying Table 3 in proposed Appendix 11, it may be helpful for this matter to be restated.

Relief sought

Southern Planning Group Ltd sought that the Plan Change be withdrawn in its entirety. Alternatively, that the consent authority make such additions amendments or consequential changes to any relevant part of the Plan Change documentation as are necessary to address the issues and concerns raised in its submission.

Recommendation

That the submission of Southern Planning Group Ltd be **accepted in part**.

Change recommended:

Add the following after Table 3 in Appendix 11:

For the purposes of applying the above figures, only the proposed increase in Gross Floor Area above what can be consented under the District Plan at time of application though Permitted, Controlled or Restricted Discretionary activities, or through existing use rights or the consented baseline, need be considered (unless otherwise stated in the zone provisions that apply to the site).

Reason

The above change should assist with the readability of the Plan Change.

8.0 OTHER ISSUES

8.1 Glenorchy development proposal

Issue: Proposal for development in Glenorchy as set out by David and Christine Benjamin.

Original Submissions from

David and Christine Benjamin

Further submissions in support from

None.

Further submissions in opposition from

Glendore (NZ) Ltd

Discussion

It appears that the submission seeks that PC24 consider a specific proposal for affordable housing.

The submission does not make any specific references to provisions proposed by PC24, and as a result, it is not considered within the scope of the Plan Change. The application of plan Change 24 would mean that the effects on housing affordability as stated in the submission would need to be considered if a resource consent application were made.

Relief sought

David and Christine Benjamin appear to seek consideration of a specific proposal for affordable housing on land adjacent to the Glenorchy township.

Five Mile Ltd and Glendore NZ Ltd seek that the submitters proposal be **rejected** as PC24 is not the appropriate planning mechanism for the submitters proposal.

Recommendation

That the submission of David and Christine Benjamin be **rejected**.

That the further submission in opposition be **accepted**.

Reason

Consideration of a site-specific housing proposal is beyond the scope of the Plan Change.

8.2 Exemption for existing affordable housing agreements

Issue: The plan change should exempt those developers that have pre agreed Affordable Housing policies in place with QLDC.

Original Submissions from

Millbrook Country Club Ltd
Queenstown Lakes District Council

Further submissions in support from

Central Land Holdings Ltd
Orchard Road Holdings Ltd
Willowridge Developments Ltd

Further submissions in opposition from

None.

Discussion

It is agreed that this it would be unreasonable to apply affordable housing rules on developments where it have reached agreements with Council on the provision of Affordable Housing .

Relief sought

Millbrook Country Club Ltd sought that the plan change should exempt those developers that have pre agreed Affordable Housing policies in place with QLDC

Queenstown Lakes District Council sought that the following paragraph be added:

‘If a written agreement has been executed with the Council regarding the Affordable Housing contribution to be made for a proposed development or subdivision, Affordable Housing contributions will be deemed to be met via the terms of that agreement.’

Recommendation:

That the submissions of Millbrook Country Club Ltd and Queenstown Lakes District Council be **accepted**. That the further submissions in support be **accepted in part**.

The following change is recommended:

Insert after the first paragraph of Section 2 of Appendix 11:

‘If a written agreement has been executed with the Council regarding the Affordable Housing contribution to be made for a proposed development or subdivision, Affordable Housing contributions will be deemed to be met via the terms of that agreement.’

Reason

The recommendation clarifies and states Council's original intent.

8.3 Are there clear goals for delivery of affordable housing?

Issue: The Council should have clearly defined goals for the delivery of Affordable Housing so as to avoid perceptions that this is a tax without clear application to achieve the intended benefits.

Original Submissions from

Queenstown Lakes Community Housing Trust

Further submissions in support from

None

Further submissions in opposition from

None

Discussion

The HOPE Strategy initially estimated that approximately 2300 households would be in need of some form of affordable housing over the 10 years from 2005 to 2015. Further analysis of this through the Demand Allocation and Implementation report prepared for PC24 by Rationale Ltd estimated the twenty-year demand at 4051 households, which is the difference between the total number of households requiring affordable housing in 2006 (2,066 households) and the total number requiring affordable housing in 2026 (6,116). It is noteworthy that this study indicated that the existing, pent up demand for all types of affordable housing today is 2066 households. Many have suggested that this number is too high, that the current demand may be a significantly lower number. Nevertheless, the order of magnitude of the demand for affordable housing is a number (4051) that is roughly twice the number needing such assistance today. Even if the specific number may vary, it seems plausible that if current housing market conditions continue to exacerbate housing affordability issues, this ratio would remain relevant.

The Rationale report provides clear guidance on the mix of types of affordable housing, by unit size, likely to be required over the 20 year period in the table “**Matrix of Affordable Housing Unit Type Requirements – 20 year Future Demand**” on Page 6.

Further the HOPE Strategy Update set out the following:

3. GOALS OF THE AFFORDABLE HOUSING STRATEGY

3.1 The Overall Goal

1. *To increase access to quality, affordable housing that is integrated into the community so as to support the community’s outcomes related to the sustainable economic, social and environmental development of the QLDC area.*

“to increase access” means to enact measures that

- *prevent the demand for Affordable and Community Housing from increasing beyond the levels measured in 2006; and*
- *enable 70% of the District workforce which is in need of and eligible for Affordable and Community Housing to live within the QLDC area by 2016.*

Further work in 2008-2009 will gather data to monitor the current condition of the workforce in terms of the % which is in need of and eligible for affordable housing.

It is appropriate that the above goals are listed in the HOPE Strategy, and referenced in the District Plan only through the calculations made to determine the differentials used in Appendix 11. It is not appropriate that the overall goal be directly referenced in the District Plan, as evolution of the goal over time would require a District Plan change.

Relief sought

Queenstown Lakes Community Housing Trust seek that the plan change should have clearly stated goals.

Recommendation

That the submissions of the Queenstown Lakes Community Housing Trust be **accepted in part**. The part that is **accepted** is in regard to ensuring that goals are stated (as listed in the HOPE Strategy), but the part that is **rejected** is whether such goals need to be listed in the District Plan through PC24.

Reason

Officers consider that the goals outlined above, and which are already included in PC24 and the HOPE Strategy are sufficient at this time.

8.4 Is there a spreadsheet that summarises PC24 requirements?

Issue: Need for Council to provide a spreadsheet that summarises the requirements of Affordable Housing, so that an applicant can input information and establish what their likely requirements would be under the Plan Change.

Original Submissions from

Southern Planning Group Ltd

Further submissions in support from

none

Further submissions in opposition from

none

Discussion

Council have now done this (with assistance from John Edmonds Associates and Rationale Ltd) and it is posted on the Council website for public use (refer to 'Plan Changes Underway' and then 'Plan Change 24')

Relief sought

Southern Planning Group sought that the Plan Change be withdrawn in its entirety. Alternatively, that the consent authority make such additions amendments or consequential changes to any relevant part of the Plan Change documentation as are necessary to address the issues and concerns raised in its submission.

Recommendation

That the submission of Southern Planning Group Ltd be **accepted**.

Reason

It is agreed that this is useful and this has been done by the Council.

8.5 Is the quality of housing adequate?

Issue: Concern at the quality of houses being built in the District.

Original Submissions from

True, Ingo

Further submissions in support from

None.

Further submissions in opposition from

None.

Discussion

A higher standard of housing than is required under the Building Act is established as a requirement for all Affordable and Community Housing under the criterion 1 of Section 1, C (Energy Efficiency) of Appendix 11.

The Council is also concerned with promoting higher quality housing in the District. It fulfilled Action 8 of the HOPE strategy with the production of the guideline Sustainable Building in the Queenstown Lakes District:

8. Facilitate access to energy efficiency advice for residential construction and particularly for any pilot projects developed under this strategy. Facilitate partnerships to implement energy efficient retrofitting projects, targeted to lower income households.

Relief sought

While specific relief appears to be unclear, it is presumed that the submitter seeks that the Council impose supplemental quality standards for affordable housing where possible.

Recommendation

That the submission of Ingo True be **accepted**.

Reason

It is agreed that this is useful and this has been done by the Council.

8.6 Other Consequential Amendments

As a result of changes recommended in response to submissions the following change is recommended to ensure the readability of Plan Change 24, Appendix 11:

Part A. Provide an impact statement that assesses the demand for affordable housing to be generated by the development:

[One of two approaches should be used for this \(Approach 1 or Approach 2\).](#)

[Approach 1](#)

By reference to either [Apply the figures from](#) Table 3:

.....

[Approach 2](#)

~~Or, by completing [Complete](#) an alternative assessment which has regard to the methodology and matters considered in the HOPE Strategy, Volume 2, Part D – Affordable and Community Housing Demand, Allocation and Implementation. Such an alternative assessment should include the following steps:~~