



QUEENSTOWN LAKES DISTRICT COUNCIL

PLAN CHANGE HEARING PANEL

**DECISION OF THE HEARINGS PANEL ON
PLAN CHANGE 24: AFFORDABLE AND COMMUNITY HOUSING**

DECISION DATED: 9 DECEMBER 2008

DECISION OF: THE HEARINGS PANEL

Commissioners David Clarke, Christine Kelly, and Councillor Lex Perkins

FOR AND ON BEHALF OF THE QUEENSTOWN LAKES DISTRICT COUNCIL

ADOPTED BY THE COUNCIL 17 DECEMBER 2008

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PURPOSE OF THIS REPORT

This report sets out the considerations of the Hearings Commissioners on submissions lodged to Plan Change 24 (Affordable and Community Housing) to the Partially Operative District Plan.

The Plan Change was publicly notified 24 October 2007. This report forms part of the analysis that has supported Plan Change 24 in terms of Section 32 of the Resource Management Act (1991). Other notable documents that have form part of the Section 32 analysis for this Plan Change include the Section 32 report and the Officer's Report dated 29 July 2008 prepared by Scott Figenshow, Senior Policy Analyst Housing and Daniel Wells, Policy Analyst. These are available on the Council's website: www.qldc.govt.nz or upon request.

The submissions period for Plan Change 24 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.

Plan Change 24 forms part of ongoing work by Queenstown Lakes District Council to address its concerns about the effects a shortage of affordable and community housing is having on the welfare of the community. This work has been progressed under the Council's Housing Our People in our Environment Strategy (the HOPE Strategy). Plan Change 24 progresses the actions of that 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."

It is considered that this Plan Change has met the requirements set out in section 32 and in doing so also achieves the purpose of the Resource Management Act (the Act) and therefore can be adopted.

LAYOUT OF THIS REPORT

Due to the nature of the submissions (often raising a number of issues while seeking a limited range of relief, such as 'to abandon the Plan Change'), this report is set out so as to discuss and respond to the issues raised in submissions.

The relief sought from the various points of submission is responded to in table form in Appendix 1. When using this document submitters can quickly ascertain whether their relief sought has been accepted or rejected. If there is any doubt on the decision, this report takes precedence over Appendix 1. If a submission has been partly accepted, Appendix 1 is not specific as to what part of the submission has been specific. Readers should refer to this report for such details.

THE USE OF THE TERMS 'AFFORDABLE HOUSING' AND 'COMMUNITY HOUSING'

Plan Change 24 introduces the terms 'Affordable Housing' and 'Community Housing'. In the notified version of the Plan Change Community Housing was described as a subset of

Affordable Housing. In response to submissions requesting that the Plan Change be clarified it was decided that these two terms should be distinct from each other. Because 'affordable housing' is a term in general usage to describe the issue (often nationwide) it is recognised there can be confusion as to whether one is describing Affordable Housing as defined in Plan Change 24 or whether one is referring to the more general topic of affordable housing. To avoid such confusion, both Affordable Housing and Community Housing will be capitalised in this report when referring to the concepts defined by Plan Change 24. When the term affordable housing is used (i.e. not capitalised) this is referring to the topic on a more general basis.

THE HEARING

A hearing was held 13-15 August 2008 at the Heritage Hotel in Queenstown.

The hearing was heard by:

David Clarke (DC) – Chair
Christine Kelly (CK) - Commissioner
Lex Perkins (LP) – Commissioner

Proceedings began with a brief overview of how the Plan Change was designed to work and some key issues raised in the submissions.

Jayne MacDonald, Mac Todd (who provide legal advice to the Council), spoke briefly to some legal matters raised regarding the scope to address Affordable Housing under the RMA. She contended that there was scope to address such matters via the Act.

The following summary outlines the people spoke at the hearing and the main issues they raised. All of those who spoke at the hearing also provided written statements of evidence.

David Cole, Queenstown Lakes Community Housing Trust

Mr Cole spoke of how he felt that the housing affordability problem seemed likely to persist despite a slowing housing market.

Mr Cole reiterated that he would like to see 100% of affordable housing transferred to the Trust. He believes there are risks of inefficiencies of other developers/ interests setting up parallel institutions. He also expressed concerns that the development industry is very important to the District and that we need to be careful not to compromise its success. To this end he would like to see the Council pursue incentives to provide Affordable Housing.

Bruce Hebbard

Mr Hebbard spoke on behalf of the submission of Bruce and Alison Hebbard. He expressed his opinion that the Act's reference to natural and physical resources did not apply to housing. He felt that the Council's efforts would be best directed towards reducing inefficiencies and costs for land development.

Mr Hebbard disputed the view expressed in the Planning Officer's Report that Plan Change 24 need not raise the cost of market housing and expressed a view that it will raise the cost of sections by 20%. He considers that affordable housing is a central government responsibility, as opposed to local government.

Fraser Colegrave

Mr Colegrave, Covec Ltd, presented evidence on behalf of the following submitters:

Infinity Investment Group
Jacks Point Ltd
Armada Holdings Ltd
Queenstown Airport Corporation Ltd
Willowridge Developments Ltd
Central Land Holdings Ltd
Orchard Road Holdings Ltd

Mr Colegrave explained that considering the ramifications of Plan Change 24 he did not consider that the Council had done sufficient work to consider whether it needed to intervene in the housing market or whether its chosen intervention was the most efficient or effective means available.

He considered that the Council had misconstrued high staff turnover as evidence of housing unaffordability. He considered the fact that employers had provided a low amount of employer housing to date and the low response rate to a 2005/2006 business survey on affordable housing as evidence that employers do not perceive there to be as large a housing affordability problem as the Council does.

Mr Colegrave disputed the view that there was a justification for Plan Change 24 in light of commuting costs. He cited statistics showing that Queenstown Lakes District had a comparatively very high number of people living and working in the same district. He also disputed that there were significant social issues resulting from housing affordability problems in the District and cited a report to suggest there are low levels of housing stress in the District.

Mr Colegrave described Plan Change 24 as a 'hybrid of "planning gains" and "linkage zoning"'. He suggested that for linkage zoning to be appropriately applied, all developments that create employment demands would need to be affected, regardless of their planning activity status. Mr Colegrave considered that the assumption that there were 'windfall gains' from rezoning was flawed as, in purchasing land, developers consider the best value use in the future.

Mr Colegrave made the case that it is not development that causes a long term demand for Affordable and Community Housing but rather population and population growth. He also considered that the Council had unnecessarily focused only on the negative effects of growth. He considered that there was a need to progress incentives and funds that support the creation of Affordable and Community Housing in conjunction with Plan Change 24.

Mr Colegrave considered that the policy should only be advanced with the context of a regional effort. He was concerned at the consenting delays and potential for Environment Court proceedings the application of the Plan Change could cause.

Mr Colegrave contended there was little if any advantage for householders purchasing homes subject to retention mechanisms as he was of the view these would negate any capital accumulation. He also considered Plan Change 24 to be inefficient and risked creating distortions because it only targeted certain types of developments. He questioned the relevance of the case studies included as an appendix to the Section 32 report as they were undertaken in different legislative and social contexts.

Mr Colegrave questioned the assumption used to project house price and wage growth and therefore Affordable and Community Housing demand. His evidence suggested that as people increased their earning they could devote much higher proportions of their income to housing than that suggested as appropriate by Plan Change 24's proposed definition of Affordable Housing.

Mr Colegrave considered that the Council had failed to prove the efficacy of the Plan Change and he considered the Council should have undertaken a cost-benefit analysis of the policy intervention.

Mr Colegrave felt that the Council had unreasonably dismissed its potential role as a procurer of housing. He considered that overall the Plan Change would have negative effects, both on developers and the community at large.

Simon Barr

Mr Barr spoke on behalf of Queenstown Airport Corporation (QAC) (for which he is Commercial General Manager).

Mr Barr expressed concern that likely future development of commercial buildings at the airport would be subject to Affordable Housing contributions in accordance with Plan Change 24. He was concerned that the contribution would make the development unviable. He did not think it was reasonable to expect a company not involved in housing to become involved in this area in response to Plan Change 24. Whether or not cash could be offered in lieu of the Community Housing was discussed, but it seemed difficult to imagine how the applicant would meet their requirements to provide Affordable Housing if they were not in the business of developing housing.

Allan Dippie

Mr Dippie spoke on behalf of Willowridge Developments Ltd, Orchard Road Holdings Ltd and Central Land Holdings Ltd.

Mr Dippie expressed his view that there was a need for collaborative approaches to affordable housing and he did not feel that Plan Change 24 was consistent with this view. He considered that the Plan Change was placing an undue burden on the development sector rather than other potential contributors.

Mr Dippie considered that the Plan Change would have the opposite effect of that sought – pushing up the price of housing for which the price is not controlled by the Plan Change. He expressed concern about the complexity and uncertainty the Plan Change would incur and noted that there were no incentives offered via the Plan Change.

Mr Dippie explained the Kiwi 1st Scheme his company had created at Timsfield in Hawea. He considered this an example of the market responding appropriately to the need for more affordable housing. Upon questioning, he stated that he did not consider that the Kiwi 1st Scheme could be compatible with Plan Change 24 (in response to the suggestion that such housing could contribute towards the requirements set out in Plan Change 24).

Alison Noble

Ms Noble (a partner of the firm Mitchell Partnerships) gave evidence as a planner on behalf of:

Infinity Investment Group
Jacks Point Ltd
Armada Holdings Ltd
Queenstown Airport Corporation Ltd
Willowridge Developments Ltd
Central Land Holdings Ltd
Orchard Road Holdings Ltd

Ms Noble considered that the Section 32 report had been inadequate in considering the efficiency and effectiveness of the policies proposed and lacked a full consideration of the costs and alternatives. She felt the Plan Change lacked clarity, flexibility and was unduly onerous. She also raised questions about the equity of targeting only some developments (those that cannot be consented via an existing permitted, controlled or restricted discretionary activity).

She considered there were methodological problems with needing to assume the amount of floorspace that will be created in subdivisions, particularly speculative non-residential subdivisions. She considered there to be a need for more land uses to be shown in Table 3 of Appendix 11.

Ms Noble expressed concern at the extra time and cost the process of undertaking an 'Affordable and Community Housing Assessment in accordance with Appendix 11 could lead to. She considered that there was certainty required around what cash in lieu payments would be sought.

Warwick Goldsmith

Mr Goldsmith spoke on behalf of Peninsula Road Ltd. He considered that the Planning Officer's Report was to a large extent based on theory. He asserted that the Council's position would be better served by being more based on a specific consideration of the Queenstown Lakes District market. He believed there was a need for more incentives and suggested that the Council's approach to Affordable and Community Housing could be more balanced rather than targeting the development sector.

Mr Goldsmith expressed reservations about the effect of this policy on the market. To this end he tabled a report suggesting that inclusionary zoning had had negative effects in the California housing market.

Lastly, Mr Goldsmith directed the Committee's attention to wording that was recommended as an assessment matter to be added throughout the Plan in the Planning Officer's report. He felt this wording should be changed to avoid any misinterpretation that developments should be levied contributions more than once under Plan Change 24.

Vanessa Walker

Ms Walker (Anderson Lloyd) spoke on behalf of the following submitters:

Infinity Investment Group
Jacks Point Ltd
Armada Holdings Ltd
Queenstown Airport Corporation Ltd
Willowridge Developments Ltd
Central Land Holdings Ltd
Orchard Road Holdings Ltd

Ms Walker expressed the view that the costs of Plan Change 24 outweigh the benefits. She identified a number ways in which she considered the Plan Change was contrary to the RMA.

Ms Walker expressed the opinion that Plan Change 24 would likely be *ultra vires* under the Act. She contended that it is businesses and residents that occupy buildings rather than the development itself that creates long-term employment demands.

Ms Walker acknowledged that the affordability of housing was an issue not necessarily beyond the scope of the RMA, however she felt that the necessary nexus between cause and effect could not be established to justify the Plan Change. Also, she considered that there was a need to state a clear 'purpose' in the District Plan in order to require contributions of land or money.

Ms Walker also expressed concern at the fact the Plan Change targeted only some developments and she considered the Plan Change to be very difficult to understand. She felt that a number of areas remained uncertain with the Planners Report, indicating they would be resolved when the Plan Change's outcome was known.

Ms Walker considered that the Section 32 analysis needed to address all the costs and benefits of the Plan Change and had not adequately done so. This needed a consideration of Sections 6 to 8 of the RMA.

Ms Walker expressed concern as to the complexity of the Plan Change. She felt that the negative effects of the Plan Change were such that the purpose of the Act would be greater served by cancelling the Plan Change than implementing it.

Bob Robertson

Mr Robertson spoke on behalf of Infinity Investment Group Holdings Ltd, for which he is the Managing Director.

Mr Robertson asserted that development responds to growth pressures, therefore the premise that it is a cause of housing affordability problems is flawed.

Mr Robertson said that the costs of providing Affordable Housing at Riverside Park (where Infinity Investments Ltd had provided 5% of housing as Affordable Housing via a stakeholder agreement for a plan change) were such that the zoning that existed prior to the plan change that provided for large lots would have been more profitable.

Mr Robertson expressed concern at the complexity of the Plan Change and the uncertainty it incurred. He believed the Plan Change will raise the costs of housing generally and did not accept the view expressed in the Planning Officers' Report that the extra costs could be to a large extent absorbed in the value uplift on land and should be reflected in the price paid for land prior to development or subdivision. Rather, he considered that when developers purchase land they factor in the development potential of land regardless of what the planning status the site has at the time of acquisition. To this end, he disputed the 'windfall gains' that the Planning Officers' Report suggested occur at the time of rezoning.

He was also concerned that Plan Change 24 appeared to target larger developments which he considered to be discriminatory.

He considered that the Plan Change could drive companies such as Infinity Investment Group Holdings Ltd to invest in other districts. He also considered that due to reduced profit margins the company would be less inclined to provide public amenities in subdivisions as a result of Plan Change 24.

Mr Robertson expressed concern at the complexity of the Plan Change and the uncertainty caused by it.

John Young

Mr Young, a lawyer with the firm Brookfield's, presented evidence on behalf of Remarkables Park Ltd.

He expressed his opinion that Plan Change 24 was at odds with the purpose of the RMA and accordingly was not the 'most appropriate' way to achieve the objectives and policies of the Plan Change.

Mr Young contended that the Section 6, 7 and 8 direct what 'social, economic and cultural wellbeing' means in resource management terms. He did not consider that Affordable Housing fell within the matters outlined in these sections, except for some links to section 7(b). However, he felt that the weight given to this section needed to be considered in the context of the other sections, and regardless he considered Plan Change 24 to be contrary to this section (due to over-providing Affordable and Community Housing).

Mr Young contended that the Section 32 assessment was inadequate in not analysing the 'efficiency' of Plan Change 24. He suggested that no economic analysis had been undertaken to support Plan Change 24.

Mr Young suggested that the premise that development created a demand for Affordable and Community Housing was flawed because development responds to as well as creates demand. He also considered that the Plan Change was not structured in a manner that provided for financial contributions to be required.

Mr Young considered that the Plan Change should not apply to discretionary activities, as these are generally anticipated.

Dr James Fairgray

Dr Fairgray, a principle of Market Economics Ltd, spoke on behalf of Remarkables Park Ltd.

Dr Fairgray asserted that in establishing the methodology for Plan Change 24, the Council had not adequately established a nexus between the effects of a development in terms of the number employees it creates and the amount of Affordable and Community Housing it requires be delivered, but rather overestimated this relationship.

Dr Fairgray's evidence considered the methodology of Plan Change 24 at length and raised a number of questions about the appropriateness of the figures used and the assumptions made.

Jeffrey Brown

Mr Brown, a director of Brown and Pemberton Planning Group Ltd, provided evidence on behalf of Remarkables Park Ltd.

Mr Brown explained how Remarkables Park Ltd had lodged a private plan change to enable retail activities. Plan Change 24 would imply that this plan change would be expected to provide Affordable and Community Housing. Mr Brown explained how he envisaged the Remarkables Park Plan Change would accommodate rules that would require the provision of Affordable and Community Housing that would meet the accommodation needs of those employed by the retail activities enabled by the Plan Change. He set out how the housing would remain in the ownership of a trust established by Remarkables Park Ltd and explained that in terms of occupying the rental housing, the Trust would provide first right of refusal to those working at Remarkables Park.

Mr Brown also explained why he considered that discretionary activities should not be subject to an assessment of Affordable and Community Housing demand and contributions in accordance with Plan Change 24. He said that, in his experience, discretionary activities were not usually a deterrent for somebody to purchase a property with an activity in mind (that is to say, they would usually expect to have consent for that activity granted). Upon further questioning, Mr Brown acknowledged that the circumstances of the Rural General Zone were somewhat unique and that in some landscape categories of that zone one would not necessarily expect to gain consent. When questioned about the Comprehensive Residential Development rules in the Low Density Residential Zone, Mr Brown said that these applications were uncommon but he would advise a client that such an application was not necessarily straightforward as gaining neighbours' approval was often an important determinate.

Information tabled at the hearing

All of the above submitters provided statements of evidence at the hearing. Also, two legal opinions were made available (prepared by John Hassan, Chapman Tripp, for Housing New Zealand Corporation). These had been referred to in the Planning Officers' Report but were not made publicly available till the hearing began.

DISCUSSION ON 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*

Relief Sought

none

Discussion

In several submissions there was acknowledgement that an inadequate supply of affordable housing is an issue in the District (whether it is a Resource Management issue in terms of the purpose of the Act was more specifically disputed and is addressed under Issue 1.4 in this report).

At the hearing there was some discussion as to whether there indeed was a serious problem or whether the Council was misconceived as to the scale of the problem. Mr Colegrave discussed his view that the Council had misinterpreted the high staff turnover in the District as evidence of problems with the affordability of housing. The studies that have underpinned Plan Change 24 have always noted that the temporary worker sector forms an important part of the tourism related economy and can be expected to continue to do so. To this end the

Plan Change assumes a continuing similar proportion of the workforce will continue to be served by the temporary worker sector.

We understand that the Council is more concerned at the high turnover of people that would otherwise be inclined to remain in the District and fill jobs that would be more appropriately filled by people staying longer term. Mr Colegrave quoted the Queenstown Labour Market Analysis in identifying that only 19% of entry/casual employees leave the District because of the cost of housing. However there are various statistics quoted in that report, including the 'Reasons for Leaving: Whole Company: All Industries' findings that identified the cost of housing as being the most significant reason for leaving. We felt that the selective use of the statistics in this regard was not helpful.

It is also worth noting that the business community survey Mr Colegrave referred to had a low response rate, and therefore its usefulness was questionable. We consider the Queenstown Labour Market Analysis to be a more useful source which we feel supports the Council's view that the issue of housing affordability is a matter of considerable concern to many businesses in the District.

Mr Colegrave also suggested that the fact that a low number of employers intended to provide Affordable Housing assistance to their employees was evidence that they do not perceive housing affordability to be a problem. This would appear to be grounded in a belief that 'employers will generally do something (such as assist employees) if the benefits outweigh the costs' as stated at the bottom of Page 3 of his evidence. We don't share Mr Colegrave's conviction that the market will necessarily address such issues if they exist. Addressing a whole range of matters via the District Plan would be unnecessary if people would be inclined to always address matters without the need for regulation.

We are therefore inclined to accept the points of submission that acknowledge that there is an inadequate supply of Affordable Housing in the District.

Decision

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

Reason for Decision

We believe that there is considerable convincing evidence of an inadequate supply of Affordable and Community Housing in the District.

1.2 Affordable housing is already being addressed via Market Forces

Issue

View that developers are coming up with their own market-led initiatives for providing Affordable Housing.

Original submissions from

Central Land Holdings Ltd
Orchard Road Holdings Ltd
Willowridge Developments Ltd

Further submissions from

Infinity Investment Group Ltd

The Hills Ltd
Central Land Holdings Ltd
Orchard Road Holdings Ltd
Willowridge Developments Ltd

Discussion

At the Hearing Mr Allan Dippie (representing Orchard Road Holdings Ltd, Willowridge Developments Ltd and Central Land Holdings Ltd) presented evidence to explain how he believed that there was no need for Plan Change 24 as the market was responding appropriately.

Mr Dippie is a director of the above-mentioned companies on behalf of which he presented evidence. We also note his earlier involvement on the Affordable Housing Working Party / Advisory Group organised by the Council.

Mr Dippie explained how he considered that his own companies' initiatives were addressing affordable housing shortages. He explained how it makes business sense for him to provide his 'Kiwi 1st' programme.

We wish to avoid being drawn into assessing whether the 'Kiwi 1st' scheme is consistent with Plan Change 24. However, we think it is important to note that the methodology set out by Plan Change 24 allows for alternative methods of delivery to that prescribed in Appendix 11 providing that certain criteria are met. Perhaps the methods prescribed would not qualify as Community Housing (there are expectations around retention mechanisms to achieve long term affordability and we note that affordability is defined in accordance to the proportion of household income spent on housing costs, which may be quite different from assisting people to acquire mortgages). But it seems quite possible that the prices Mr Dippie discussed may enable some or all of the Affordable Housing obligations to be met if those developments were required to contribute Affordable.

We do note that when questioned at the hearing Mr Dippie responded that he did not see Plan Change 24 and the 'Kiwi 1st' scheme as compatible. But, with respect, we are not convinced that they are not. Regardless, we feel that Plan Change 24 serves an important role of defining what Affordable and Community Housing shall mean in the District in resource management terms and outlining the scale of and minimum requirements expected for the actions taken to address the demand created for Affordable Housing. We do not wish to inhibit innovative approaches such as that presented by Mr Dippie and believe that Plan Change 24 is sufficiently flexible to enable these to occur.

Lastly, as a more general response to the view that the market is responding to the demand for Affordable Housing, we do not consider that there is evidence that this is the case. Indeed, it is apparent that the problem of a lack of affordable housing has been evident for some time in the District (and certainly a matter of concern to the Council) but the evidence base assembled by the Council in support of Plan Change 24 seems quite conclusive that the problem remains and that the market has not adequately responded.

Decision

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

Reason for Decision

We are not of the view that the market is responding sufficiently to the problems of housing affordability in the District. We consider that Plan Change 24 does not preclude the ability of developers to come up with innovative approaches that may often meet the requirements of Affordable and Community Housing.

1.3 Does development create a demand for affordable housing?

Issue:

Is PC24 is fundamentally flawed because it implies that development creates growth, and that it creates a demand for affordable housing. Submitters argued that this assumption is not proven in research and that development follows and responds to growth rather than promotes it. Submitters also argued that it is the end users of developments that create a demand for employees and therefore Affordable and Community Housing, rather than development itself.

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

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.

Albatross QT Ltd seek that Plan Change 24 be rejected.

Discussion

This argument was a recurring theme at the hearing for Plan Change 24.

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 often undertaken to meet anticipated demand.

Much of this argument centres around the view that it is not development itself that leads to growth. Rather, it is the occupants of that development that generate a need for Affordable Housing. For example, the argument runs, it is a business that needs employees or the occupant of a house that seeks a gardener.

However, we are not persuaded by this argument. There is undeniably a development process from the time of application to the use of the finished product. Land use and subdivision consents and Plan Changes are the times to influence this process with the mechanisms that exist to ensure that adverse effects are avoided, remedied or mitigated. By way of an analogy, a development or subdivision is reasonably expected to provide sewage infrastructure while a house would reasonably be required to provide for wastewater to be disposed through the construction of toilets. It is not the developer who creates the need for wastewater servicing but the eventual occupants (an unoccupied house would produce no wastewater). However, no serious argument can be mounted against the concept of requiring contributions from developers towards the cost of providing reticulation, or requiring them to provide reticulation, or for that matter developers being required to install toilet facilities in buildings. Another similar example would be the provision of reserves. It is not the development or subdivision itself that creates a need for a reserve but the end users (such as residents in a residential subdivision) who utilise the reserve.

An alternative, that would be more targeted at end users, would be the use of rates to fund the procurement of affordable housing. This has been given consideration by the Council (particularly through the HOPE strategy process). It is notable that ratepayers are already contributing significantly towards addressing the problem of a lack of affordable housing. The Council has spent time and money on setting up the Queenstown Lakes Community Housing Trust (which also received funding from Jacks Point Ltd, Central Government and others). Ratepayer money has funded the development of the HOPE strategy and this Plan Change. Council is also looking at using some of its land holdings for the development of Affordable and Community Housing.

Rates are a considerable cost for homeowners and businesses at present and we therefore can expect that Council would be precautionary about raising rates considerably to fund the development or procurement of Affordable and Community Housing. We also note that the Council has made a decision (in pursuing Plan Change 24 in its notified form) that it is at the time of consents being granted or Plan Changes approved that allow for significant increases in land value that a development should be made to consider its effects on the affordability of housing.

Decision

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

Reason for Decision

We consider that Plan Change 24 requires the effect of a development on the affordability of housing to be considered at an appropriate stage of the development process.

1.4 Affordable housing within purpose of the RMA?

The provision of Affordable Housing does not come within the purpose of the RMA.

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 for Decision to take financial contributions under the RMA)
Remarkable Heights Ltd (ibid)
Remarkables Park Ltd
Willowridge Developments Ltd
Housing New Zealand Corporation (supported the Council's ability to address this matter under the RMA)

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

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.

Discussion

In arriving out our position, we have considered the range of legal advice we have received. As some of the debate at the hearing related to the legal opinions referred to in the Planning Officers' Report (from Chapman Tripp), in this discussion we have continued to refer to those opinions.

We believe on the balance of the advice we have received that the affordability of housing can be considered a resource management issue within the purpose of the Act, and that Council's response proposed by Plan Change 24 is appropriate within that context.

Put in its most simple terms, we agree that the case has been made that land and housing (which are natural and physical resources) are not being managed efficiently or in a way that is enabling the community's economic and social wellbeing. It is evident that the market is not responding adequately to this problem and that it is appropriate for an intervention using the District Plan. Any requirement needs to be in such a way so as to ensure that the response required correlates to the effects of the development or subdivision that are to be avoided, remedied or mitigated. This is often discussed as establishing the necessary nexus. While some submitters disputed whether this has been demonstrated, we consider Plan Change 24, as presented in this decision, does demonstrate the necessary nexus.

At the hearing there was debate about whether or not the provision of affordable housing was an RMA issue. Housing New Zealand provided an opinion from Chapman Tripp which included (amongst others) the following passages:

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

And:

'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)

While an Affordable Housing policy under the AH:ETA might seek contributions that go beyond the effect the development itself has on the affordability of housing (often associated with 'inclusionary zoning') we do not consider this is the case with Plan Change 24.

Ms Walker, if we understood her statement of evidence and subsequent answers correctly, appeared to acknowledge that a financial contribution relating to avoiding, remedying or mitigating the effects of a development or subdivision on the affordability of housing may be achievable, but only if the necessary nexus were demonstrable. To this end, Ms Walker expressed her view that this nexus was not sufficiently shown. However, as stated above, we consider that it has. Our view is based on our confidence in the methodology undertaken at arriving at the 'assumed demand figures' shown in Table 3 of Appendix 11 and the fact that the Plan Change does not preclude alternative assessments being undertaken if an applicant feels the circumstances of the development or subdivision would make these figures inappropriate to apply.

Mr Young alluded to the statement in the Chapman Tripp opinion that Affordable Housing instruments prepared under the RMA will 'simply stand or fall on their merits, when tested against the competing considerations of the RMA.'

Mr Young expanded upon this view by arguing that sections 6, 7 and 8 direct what should be considered ‘social, economic and cultural wellbeing’. To this end, he referenced the recent interim decision of *Long Bay-Okura Great Park Society Incorporated v North Shore City Council* (Decision number A078/2008). That decision made an observation that we agree is of relevance:

‘...Parliament has given the directions in section 5(2)(a), (b) and (c) and the principles in Sections 6 to 8 as to the various factors that it says contribute to wellbeing and as to their relative importance [paragraph 274]’

We therefore feel that it is a valid observation that if our decision puts considerable emphasis on enabling ‘economic and social wellbeing’ that to support this position, it is important to have paid attention to how the Plan Change would reconcile with the matters outlined in those sections. Below, we have recorded our analysis of these sections.

We find little in Section 6 (matters of national importance) that would seem to support or undermine the case made for addressing the affordability of housing via the District Plan. We do however note the emphasis on protecting outstanding natural landscapes and features. Outstanding natural landscapes and features are notably present throughout the District. There is therefore a great emphasis on managing growth in an appropriate manner as demonstrated in the Plan and through Council policies. Such considerations would seem to run against the suggestions made by some submitters that the Council should concentrate on zoning large amounts of land for residential development.

The matter of managing growth can also be considered in the context of Section 7(c). Sprawling, unconsolidated urban areas would seem inconsistent with ‘the maintenance and enhancement of amenity values’ as the urban outcomes would likely be poor and the amenity values of the rural areas that surround the towns of the District would be detracted from. This would also seem to counter against the ‘maintenance and enhancement of the quality of the environment’ per Section 7 (f). Again, we conclude that a strategy aimed at zoning large amounts of urban land would be inconsistent with the Act.

Perhaps most significantly we note ‘the efficient use and development of natural and physical resources’ as stated in Section 7 (b). The Section 32 report and Planning Officers’ report were clear in their view that the way land and housing (i.e. natural and physical resources) were being allocated under present market forces was not in an efficient way. Effectively, the argument was, housing has generally been marketed at prices that are not targeted at the District’s workforce and various types of developments are being undertaken without due action being taken to ensure that they can function without adverse effects on the community’s social and economic wellbeing (by creating a demand for employees of low and moderate incomes but not taking action to ensure their housing needs are met).

To this end, we note that the aforementioned interim decision also included a discussion on efficiency that is of interest. We note the reference to the evidence provided by Dr T Hazeldine to that hearing in which he stated:

‘When... the policy context involves ‘comparing two options..., the more efficient, and thus to be preferred option is the one which is assessed to be likely to yield the highest net benefits (total benefits minus total costs), all relevant factors considered’

We believe considering the concept of efficiency in this manner also lends favour to Plan Change 24. We have already rejected the option of zoning large amounts of land for housing as inappropriate and likely ineffective. We therefore believe there are two broad options

which can be compared in terms of their efficiency. These are to undertake the interventions in the market proposed by Plan Change 24 or take no action. There are certainly net benefits and costs of either option, but we are satisfied that the considerable body of work undertaken by the Council to support Plan Change 24, and the effort made to ensure that contributions will be reasonable and implemented in a way that will minimise costs to be passed on to end purchasers of developments, makes the case that the highest net benefits to the community will be through undertaking Plan Change 24.

Lastly, it would seem appropriate to consider Section 7 (ba):

‘the efficiency of the end use of energy’

It has been a notable (if not predominant) justification by the Council for Plan Change 24 that there is a connection between housing affordability and the efficiency of the end use of energy. The argument runs that workers in ‘resort towns’ such as Wanaka and Queenstown are unable to find appropriate housing at a reasonable price in or near those towns. They choose to live in more affordable but distant locations. The result is that these people commute excessive distances which amounts to the inefficient use of energy (the energy being fossil fuels through vehicle use).

While the logic of this would appear reasonable enough, establishing that this is a real or potential problem seems more difficult. The evidence of Mr Colegrave provided some interesting insights into the situation. Mr Colegrave presented statistics (from the Department of Labour) that indicated that Queenstown Lakes District has amongst the highest proportion of residents that live and work in the same Territorial Authority in the country (95%).

We note that at no point has anybody suggested to us what a reasonable proportion of people living and working in the District is, and we assume that it would be very difficult to do so. Given the distances from the main employment centres to urban areas in other districts is relatively far, one might be inclined to expect that this proportion be very low. It also might be reasonable to expect that nationwide commuting rates are higher than what is needed to achieve the sustainable management of resources (given New Zealand’s high greenhouse gas emissions), making comparative assessments difficult to use as a justification. We also note that people can commute distances within the District which would appear to be indicative of the inefficient end use of energy resources (for example from Kingston to Queenstown). Lastly, even if the presented figures seem comparatively low, it would not necessarily discount the existence of an issue that needed to be proactively addressed so as to avoid it becoming a problem (particularly if trends were identified).

We do however accept that the case has not been sufficiently made that the problem of commuting is so prevalent (or likely to be) so as to justify Plan Change 24 in its own regard. But we do accept it forms part of the overall case made by the Council. Also, by no means does this section undermine the justification of Plan Change 24. With respect to the details of Plan Change 24, our conclusion is that the Council’s position that ensuring a supply of Affordable and Community Housing in reasonable vicinity to workplaces is appropriate. Allowing Affordable and Community Housing to establish further afield would seem inconsistent with this section 7 (ba) of the Act (except, of course, Affordable and Community Housing that relates to development and subdivision that occurs in those places should be located nearby).

In sum, an assessment of Sections 6-8 of the Resource Management Act supports the Council’s actions to undertake Plan Change 24. We see no part of these sections (or the Act

generally) that would suggest that Plan Change 24 is inappropriate or beyond the scope of the RMA. This is important, as we return to the consideration of Section 5 of the Act.

Section 5, states the following:

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 while—

(a) Sustaining the potential of natural and physical resources (excluding minerals) to meet the reasonably foreseeable needs of future generations

We consider that the Council has established that housing (a physical resource) and land for housing are not being managed in the District in a way that is enabling people's economic and social wellbeing, and that there is a need to undertake a Plan Change so as to achieve that purpose.

The Chapman Tripp opinion (which is one piece of legal advice we have given consideration to in arriving at this decision) did appear to consider that Section 5(2) could (arguably) allow for Councils to address Affordable Housing matters. The opinion however drew attention to the view that nothing in Part 2 of the Act raises the issue. We agree that nothing in sections 6 to 8 raises the affordability of housing *per se*, but the analysis above shows support for the initiative, particularly in the Queenstown Lakes District context. We also find nothing in Part 2 that prevents the initiative. We consider that even if one were not persuaded that the analysis of Sections 6-8 set out above justified Plan Change 24 alone, that the Plan Change has merit in its own right as being an important means for the District to enable 'social and economic wellbeing'. We conclude this having considered the comment in the Chapman Tripp opinion:

'Any initiatives for the delivery of affordable housing would simply stand or fall on their merits, when tested against the competing considerations under the RMA' [paragraph 9].

We find no competing considerations under the RMA that would stand against Plan Change 24 and believe there is considerable merit, and indeed need, to address the issue given the degree to which the issue of housing affordability is considered to affect the social and economic wellbeing of the Queenstown Lakes District.

Decision

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 **rejected**.

Decision

We consider that that there is scope to address affordable housing under the Resource Management Act 1991.

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

The Affordable Housing: Enabling Territorial Authorities Bill (now enacted) 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

Further submissions in support from

Central Land Holdings Ltd
Orchard Road Holdings Ltd
Willowridge Developments Ltd

Further submissions in opposition from

none

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.

Discussion

We have heard and read a range of legal advice on whether Plan Change 24 falls within the scope of the RMA. We also note that in Housing New Zealand Corporation's submission they discussed the Bill as it was being proposed at the time and supported the Council advancing Plan Change 24. Our view is that no change is needed to the RMA in order to enable Plan Change 24.

Decision

That the original submissions Five Mile Holdings Ltd, Glendore (N.Z.) Ltd, and Remarkables Park Ltd be **rejected**. That the further submissions in support be **rejected**.

Reason for Decision

As stated in issue 1.4, we consider that the District Plan can address affordable housing through the RMA. Therefore, there is no need to withdraw or amend the Plan Change in this regard.

1.6 AH:ETA – relationship to PC24?

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)

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.

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)

Discussion

On 16 September 2008, Parliament enacted the Affordable Housing: Enabling Territorial Authorities Act - 2008. It is noted that the Act was brought into being partly in response to advice received by Central Government that for many Councils additional legislative tools would be necessary in order to secure Affordable Housing contributions.

Plan Change 24 has been being developed for some time prior to the passage of this Act. We consider that the work undertaken supports the Council's position that the issue can be addressed via the District Plan. It would therefore seem unnecessary to make use of the AH:ETA.

Decision

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 is noted.

That the submission of Housing New Zealand Corporation is noted.

Reason for Decision

As outlined herein, we consider that there is scope to pursue Plan Change 24 under the RMA. We find no reason that the Council would better address community needs by delaying PC24 in favour of producing a housing policy under the AH:ETA.

1.7 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

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.

Decision

The original submission and further submissions in support are **rejected**.

Reason for Decision

We consider that Plan Change 24 falls within the scope of action that the RMA provides for Territorial Authorities to undertake. We also note that the Local Government Act 2002 states that the purpose of local government includes:

‘(b) to promote the social, economic, environmental, and cultural well-being of communities, in the present and for the future.’

1.8 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.

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.

Discussion

There was some discussion about this matter at the hearing and we note particularly the evidence provided by Mr Jeffry Brown on behalf of Remarkables Park Ltd.

We should first be clear that the use of the term ‘anticipated by the Plan’ in the notified version of this Change was probably misleading as to the reason for the distinction between

those activities that the Plan Change intended would need to be subject to an assessment under Plan Change 24 and those that would not. The phrase does lead to a debate over what is legally considered to be anticipated. Officers inform us that the intended reason for the distinction was to try and ensure that only those activities where one might expect a substantial land value uplift when granted are affected. This is driven by a desire to achieve fairness and minimise market distortions (such as the passing on of costs to house purchasers). Indeed, if one were making a distinction based on legal matters alone, we see no reason that it could not affect a much larger range of activities.

Officers inform us that the possibility of Plan Change 24 being made to only affect new Plan Changes was contemplated. One of the reasons for it extending into discretionary and non-complying activities was that there are known to have been some significant developments and subdivisions in the District that have been enabled this way. Officers did not want to create incentives to pursue resource consents rather than plan changes. When we discussed this matter further with them they acknowledged that these scenarios were most likely to occur in the rural zones.

Upon questioning at the hearing, Mr Brown agreed that the Rural General Zone of the Plan was somewhat unique in that, after much attention from the Environment Court, a consent regime has been established that would appear not to presume that consent will normally be granted (the explanatory notes to the Plan elaborate upon this matter). To this end, there appears to be some agreement that there is likely to be some reasonable value uplift when a large development or subdivision is consented in the Rural General Zone.

At this point, we should remind readers that the methodology set out in proposed Appendix 11 would require a relatively large development or subdivision to be consented before any action to avoid, remedy or mitigate the effects on housing affordability would be expected (for example, several homes would need to be consented).

We are mindful that Plan Change 24 is structured in a way to avoid creating undue inefficiencies in consenting processes or lead to distortions in development activity. Therefore, we think it is correct that only those developments of a significant size and those that would be likely to receive significant value uplift should be required to undertake an assessment in accordance with Appendix 11. We therefore take into account the opinions expressed by Mr Brown that, as a planning consultant, he would typically advise his clients that most discretionary activities would be likely to be consented.

Another type of discretionary consent that was discussed at the hearing, Comprehensive Residential Development, is discussed below (refer to issue 1.9).

Appendix 11, as amended by this Decision has therefore included the following text:

There is only a need to consider the demand for Affordable and Community Housing of development or subdivision in excess of the following:

- (i) What can be developed through permitted, controlled or restricted discretionary activities (unless otherwise stated in the zone provisions that apply to the site);
- (ii) What can be developed through discretionary activities in all zones except the Rural General Zone and through the Comprehensive Residential Development Rules in the Residential Zone (unless otherwise stated in the zone provisions that apply to the site)
- (iii) What can be developed through existing consents
- (iv) Existing development or subdivision

There will also be a rule added to those zones for which discretionary activities will be subject to an assessment in accordance with Appendix 11 (refer Issue 6.3).

Decision

That the submissions of Five Mile Ltd, Glendore (NZ) Ltd be **accepted in part**. We do not consider that the Plan Change should be withdrawn but we do consider that there is merit in reducing the range of discretionary activities that will be affected by Plan Change 24.

That the submissions of Remarkables Park Ltd be **accepted in part**. We have made an amendment that will reduce the number of discretionary consents that will be affected, but some discretionary activities will still be amended.

Reason for Decision

We consider that the changes made are appropriate as they will ensure that only those developments and subdivisions where substantial value uplift will likely be achieved through the granting of a discretionary consent will be affected.

1.9 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.

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.

Discussion

This discussion follows from the previous Issue 1.8, above.

Comprehensive Residential Development (CRD) rules provide for development at higher densities, in low density areas of the residential zone, than otherwise might be achievable providing certain criteria are met.

Upon questioning at the hearing, Mr Brown commented that the CRD rules of the residential zone are in his opinion rarely used now. He suspected this was because there were few parcels of land now that were of a scale and nature amenable to such developments. In the absence of an assessment provided to us, we are unable to comment as to whether this is the case and whether the rules are likely to be widely applied in the future.

We do however note that there has been some discussion in the context of this Plan Change around the desirability of incentives to encourage the provision of Affordable and Community Housing (refer Issue 5.7). One such incentive that has been discussed is density bonuses (we also note the reservations expressed by some, such as Ms Walker, as to the practicality of these). It would appear to us that the CRD rules are in fact a form of density bonus. There would presumably be an incentive for developers to pursue an application that achieves the increased densities provided for by the CRD rules on the basis of higher returns. We therefore gave consideration as to whether Affordable and Community Housing should be an issue also considered as part of CRD applications, so as to make use of this existing incentive to deliver some Affordable and Community Housing when there is a significant increase in development potential gained by the application of CRD rules over what would otherwise be achievable.

At the hearing Mr Brown was questioned as to how he would advise a potential client as to the likelihood of gaining consent using the Comprehensive Residential Development rules. If we understood correctly, Mr Brown's response was to the effect that he wouldn't necessarily advise that consent will be granted without process or complication, citing that gaining neighbour approval was often important.

Decision

That the submission of Southern Planning Group be **rejected**.

Reason for Decision

We consider there is merit in ensuring that applications using the CRD rules do undertake an assessment of their effects on housing affordability and to contribute or amend their development proposal accordingly.

1.10 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.

Relief sought

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

Decision

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

Reason for Decision

As outlined above under issue 1.4, we are not persuaded that there are any legal reasons Plan Change 24 should not require development or subdivision enabled by a non-complying activity to meet the demand it creates for Affordable and Community Housing. Given the considerable uncertainty as to the scale and nature of what non-complying activities may be applied for in the future, we believe there is merit in ensuring this process is carried out. We do not agree that there is no logical link between increases in floorspace and the effects on the housing affordability.

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

Relief sought

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

Decision

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

Reason for Decision

We consider that the RMA more appropriately enables the effects-based outcomes of a linkage zoning method.

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).

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.

Discussion

The Planning Officer's Report included a detailed discussion as to the availability of land for housing in the Queenstown Lakes District. In the interests of being succinct, we refer

readers to the Planning Officers' report if they wish to review this analysis. We believe that the evidence is strong that, given the number of units the Council's Dwelling Capacity Model indicates could be built throughout the District, a shortage in the supply of land for housing is very unlikely to be a cause of Queenstown Lakes District's housing affordability problems. This underscores the Council's decision to pursue Plan Change 24 as it has arrived at the view that there is a need to be more directive via the District Plan in ensuring that new zonings and certain types of subdivision and resource consents meet the demand they create for Affordable and Community Housing. We support this view.

It is also worthy of note that an approach of zoning considerably more land for housing would quite likely be contrary to Part 2 of the RMA (as discussed under Issue 1.4). That is not to say that the Council does not support plan changes that enable more development. Rather, it carefully considers whether such plan changes are necessary (via the Section 32 process) including an assessment of the supply of land for housing in a given area.

Decision

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 from Five Mile Ltd be **accepted**.

That the submission of Glendore NZ Ltd is **accepted in part**. We agree that the relief Ladies Mile Partnership is seeking is not appropriate but we do not agree that the market will deliver affordable housing on its own accord.

Reason for Decision

We do not consider that the strategy proposed by the submitters would address the District's housing affordability problems effectively or appropriately.

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

Relief sought

Central Land Holdings Limited, Orchard Road Holdings Ltd, Queenstown Airport Corporation and Willowridge Developments Ltd seek 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.

Discussion

We note that, in accordance with Appendix 11, developments for business uses would be liable to higher contributions than residential developments. This is simply a result of the linkage zoning methodology which takes into account that businesses create a higher demand for employees and therefore a higher demand for affordable housing. Any other approach would seemingly be at odds with requirement that a contribution be proportionate to the effect of a development.

We also should note that there has been an attempt to structure Plan Change 24 in such a way so as to minimise costs being passed on to businesses who are end occupants of developments. Additionally, it should be borne in mind that part of the Council's justification for undertaking Plan Change 24 has been an awareness of the difficulties many businesses have with regards to housing affordability being a barrier to recruitment and retention (such as demonstrated through the Queenstown Labour Market Analysis). Businesses may expect some benefits from an increase in the supply of Affordable and Community Housing.

The issue of whether the business of development will be discouraged is discussed under Issue 5.1.

Decision

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 and the further submissions in support are **rejected**.

Reason for Decision

We do not consider that Plan Change 24 will discourage business in the District.

2.3 Responsibility – to rest with those creating new employment?

Issue: The obligation to provide Affordable and Community 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

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.

Discussion

It would not seem possible to require contributions from actual employers using the Resource Management Act (operating most businesses does not usually require consent under the RMA). The Council has and will continue to use rates to contribute to addressing problems of housing affordability, but it does not wish to raise rates unduly as a means of addressing the District's housing affordability problems. These matters are discussed at greater length under Issue 1.3.

Decision

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

Reason for Decision

We do not consider that this would be an appropriate approach.

3.0 THE METHODOLOGY OF PLAN CHANGE 24

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

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.

Decision

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 for Decision

We do not consider that the analysis that has underpinned the ‘assumed demand figures’ for Table 3 in Appendix 11 has double counted jobs.

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

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.

Decision

That the submissions 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 for Decision

We consider that the methodology for establishing the demands for Affordable Housing 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 is sought).

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. (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

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.

Discussion

We understand it has always been the intent that if a change of use were to occur that required a discretionary or non-complying activity or a Plan Change, that the increase in effects on the affordability of housing from what was previously consented would be assessed. We think that this approach is appropriate and believe that the Plan Change as revised is clear in this respect.

Decision

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**. We accept that a change be made to make this matter clear but do not consider that the Plan Change need be withdrawn.

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

That the submission of Southern Planning Group is **accepted in part**. We accept that a change be made to make this matter clear but do not consider that the Plan Change need be withdrawn.

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

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

Appendix 11 as amended for this Decision states:

There is only a need to consider the demand for Affordable and Community Housing of development or subdivision in excess of the following:

- (i) What can be developed through permitted, controlled or restricted discretionary activities (unless otherwise stated in the zone provisions that apply to the site);
- (ii) What can be developed through discretionary activities in all zones except the Rural General Zone and through the Comprehensive Residential Development Rules in the Residential Zone (unless otherwise stated in the zone provisions that apply to the site)
- (iii) What can be developed through existing consents
- (iv) Existing development or subdivision

'Existing development and subdivision' would address situations of a change of use.

Reason for Decision

We consider that the above amendment provides clarity on how this matter will be dealt with.

3.4 Unknown quantum of floorspace at time of application

Issue: How are Affordable and Community Housing contributions to be calculated in subdivisions when the exact amount of 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.

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.

Discussion

The Planning Officer’s report for the Hearing addressed this matter by recommending that Appendix 11 explain that a default assumption of 143 m² per household be used for residential subdivisions if this information is unknown. This scenario is consistent with the Council’s development contributions policy. We understand it represents the average size of a dwelling in the District, so it seems a reasonable (if conservative) assumption to be made.

At the hearing we noted Ms Alison Noble’s (a planning consultant representing a number of submitters) comments that this does not address non-residential subdivisions. It seems a valid point that as Plan Change 24 was notified and recommended for the hearing that it may be difficult to establish the floor space for non-residential subdivisions.

We asked Officers to consider a means in which to provide further information in this regard. They again consulted the Council’s development contributions policy. As a result, the Plan Change as amended for this decision includes the following table:

Category	Building Coverage of site	No. of Floors
Residential	Assume 143m ² per Dwelling Unit	
Visitor Accommodation	55%	2
Commercial	75%	1
Country Dwelling	Assume 143m ² Dwelling Unit	
Other	To be individually assessed	
Town Centre Visitor Accommodation	80%	2
Town Centre Commercial	80%	2
Mixed Use Accommodation	55%	1
Mixed Use Commercial	55%	1
Primary Industry	Assume 143m ² per Dwelling Unit	
Restaurant/Bar	Use Commercial or Town Centre Commercial	

Decision

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**. We do not consider that the Plan Change need be withdrawn but we consider it appropriate that further guidance be given on this matter.

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

As a result the above table has been inserted into Appendix 11.

Reason for Decision

We consider that the modification set out above will provide for the relief requested by submitters.

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.

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.

Decision

That the submission of John Edmonds Associates Ltd be **accepted in part**. It is not accepted in full because the use of the term Relative Household Equivalents is no longer included. However, a statement is now included in Appendix 11 to make it clear that the number of households should be rounded to the nearest whole number once a total of one household is exceeded.

Reason for Decision

In the Appendix 11 that has been revised for this decision a statement has been included after Table 3 making it clear that the number of households should be rounded to the nearest whole number once a total of one household is exceeded.

3.6 Are the 'assumed demand figures' correct?

Issue: Reservations about the 'assumed demand figures' 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.

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.

Discussion

At the hearing Mr Colegrave and particularly Mr Fairgray provided in depth analyses of the methodology used to assess the demand created by different land use types for Affordable Housing. This review was useful and it has aided us in arriving at this decision with confidence that the methodology is sound and the figures appropriate.

At the hearing we made it clear that before we were to issue our Decision we would consult with the officers, who would discuss with the consultants who prepared the supporting Affordable and community Housing demand analysis, whether there was merit in the points raised in Dr Fairgray’s evidence.

The discussions we had have informed our decision as to whether there was a need to adjust the ‘assumed demand figures’ in response to the evidence presented to us.

The majority of Dr Fairgray’s evidence we, respectfully, are not in agreement with. However there is one point he raised that we think should be accepted. A significant portion of the affordable housing demand is for households in need of a suitable rental product. These households cannot afford to buy with the assistance of a shared ownership scheme. However some of these households rental needs are projected to be met by the market. Thus they do not require assistance from Plan Change 24 and should have been excluded from the demand for affordable housing.

The ‘default mitigation figures’ in Table 3 have therefore been adjusted for this decision. They are somewhat lower as a result. Consider the following:

	‘Assumed Demand Figures’ in Notified Plan Change 24	Revised ‘Assumed Demand Figures’
Land Use	Differential - Affordable Housing Units per 1,000m²	
Residential	0.37	0.3
Visitor Accommodation	1.26	1.0
Commercial - Intensive	4.36	3.4
Commercial - Large Format	3.36	2.6

We note that the submission of Peninsula Road Ltd is not correct in saying that commercial accommodation sector exasperates housing affordability more than any other activity providing employment. On a per square meter basis other commercial activities create a higher demand for Affordable and Community Housing.

Although we have confidence in the ‘assumed demand figures’ of Table 3, we do note that if an applicant considered that they are not applicable to their development, the methodology of Appendix 11 allows for alternative assessments to be undertaken.

Decision

That the submissions of Remarkables Park and Peninsula Rd Ltd be **accepted in part**. We disagree with some of the criticisms made but have made some changes which have reduced the ‘assumed demand figures’ in Table 3 of Appendix 11.

The revised ‘assumed demand figures’ can be seen in Table 3 of the Plan Change as amended for this decision.

Reason for Decision

We have given consideration to the evidence provided at the hearing and believe that the revised ‘assumed demand figures’ are appropriate.

3.7 Does the Affordable and Community Housing Assessment account for other public benefits/facilities offered?

Issue: Public benefits such as educational benefits, schools, parks, golf courses etc should be factored into the Affordable and Community Housing Assessment process.

Original Submissions from

Remarkables Park Ltd

Further submissions in support from

None.

Further submissions in opposition from

None.

Relief sought

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

Decision

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

Reason for Decision

We do not consider that public benefits such as those suggested avoid, remedy or mitigate a development’s effects on the affordability of housing. It would certainly confuse the Affordable and Community Housing Assessment process by attempting to integrate such factors. However, we have confidence resource management processes provide for the consideration of such public benefits.

3.8 Affordable and Community Housing Assessment Approval

Issue: Who approves an Affordable and Community Housing Assessment? 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.

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.

Decision

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

Reason for Decision

We consider that this is an issue for application of the Plan Change and as such that amendments are not required to the Plan Change. We do however expect that such processes will become clear as these policies are implemented. Officers advise us that they anticipate a process whereby pre-application discussions would usually be appropriate with Council staff in order to ensure that the actions taken in response to the provisions introduced by Plan Change 24 would be appropriate. It would likely be of benefit to all parties if a common understanding is reached prior to application.

3.9 'Assumed demand figures' 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.

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.

Willowridge Developments Ltd and Central Land Holdings 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.

Discussion

We note the comments of some (such as Mr Dippie and Ms Noble) at the hearing that the fact that the 'assumed demand figures' of Table 3 applied for the whole District, making no distinction between Queenstown and Wanaka. Officers inform us that it was originally intended that the Plan Change provide a split between the Queenstown and Wanaka wards with different 'assumed demand figures' for each. However, the differences were found to be so insignificant that it was decided that this was unnecessary. Our position therefore remains the same that the 'assumed demand figures' of Table 3 of Appendix 11 should apply District-wide.

Decision

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**.

Reason for Decision

The research undertaken by the Council does not support having different 'assumed demand figures' for Wanaka and Queenstown.

3.10 Affordable and Community Housing Assessment too prescriptive?

Issue: Appendix 11 is too prescriptive for the variable nature of developments with respect to the employment they generate. Particularly, the assumed demand in Table 3 of Appendix 11 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.

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.

Discussion

We feel confident that the research undertaken to support Plan Change 24 demonstrated enough consistency in the patterns of employment generated for the different land uses that the 'assumed demand figures' will usually be appropriate. Flexibility has been enabled in the respect that, if an applicant chooses, they may undertake an alternative assessment to establish why the circumstances of their development are different.

We note that at the hearing there were concerns raised that many developments would fail to fall within the land use categories shown in Table 3 of Appendix 11. We recognise that it would be problematic if many developments did face this problem and would create inefficiencies as applicants are forced to use consultants to carry out an alternative assessment. We therefore asked officers to consider whether the number of land use categories should be expanded. They investigated this matter and found that the work that had been undertaken to arrive at the 'assumed demand figures' of Table 3 had included an appropriate range of land uses. For example, industrial uses have very similar employment demands per square meter of floor space to large format retail. Officers concluded that there was not in fact a need to expand the number of land use categories but that the different categories could be better explained. We support this view and the Appendix 11 resulting from the Decision has been amended accordingly.

Decision

That the submissions of Central Land Holdings Ltd, Orchard Road Holdings Ltd, Willowridge Developments Ltd be **accepted in part**. We do not accept the relief sought by the submitters but we have made changes to ensure that the 'assumed demand figures' of Table 3 of Appendix 11 are better described.

Reason for Decision

The work undertaken by the Council to support Plan Change 24 does not support the view of the submitters that the employment demands of developments are too variable for Table 3 to be applicable.

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.

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.

Decision

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

Reason for Decision

We consider that information should be available to the extent that the ‘assumed demand figures’ would usually be applicable when an application is made.

3.12 How will cash-in-lieu payments be calculated?

Issue: A monetary value should be given to Affordable and Community 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

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 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.

Discussion

We note that payments of cash should not be common given the criteria established in Appendix 11 outlining circumstances where off-site provision or cash would be appropriate. However, we agree that more clarity on how payments in lieu of land for housing shall be calculated should be provided. A change has been made to Appendix 11 that we feel is appropriate (regarding the means in which Community Housing can be contributed):

‘the provision of money in lieu of land if it is accepted that land is not the most appropriate option (consider the criteria under Section 1B of this Appendix for examples of instances where cash or off-site provision may be acceptable). The amount of money to be provided shall be based on the fair market value at the time consent is granted of the land that would otherwise have been provided within the development or subdivision.’

We consider that the change will allow for a fair process of valuation to establish what the contribution should be. We consider that in establishing the Queenstown Lakes Community Housing Trust (which has become active in the District providing Community Housing), the Council has demonstrated that it has set up the appropriate mechanisms to manage contributions of land and money, just as it is entrusted with the management of development contributions. Regardless, the changes made to the Plan Change in this Decision have made it clear that alternative means of delivery of Community Housing can be set up (refer to Issue 4.2).

We note that the submission of John Edmonds Associates Ltd commented to the effect that monetary contributions should be equivalent to the actual build cost of the affordable housing. We note that the contribution will need to reflect the price of the *land* that would otherwise be provided, as opposed to housing.

Decision

That the submission of John Edmonds Associates Ltd be accepted and the submission of Southern Planning Group be **accepted in part**. That the further submissions in support of

Plan Change 24 – Affordable and Community Housing

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 calculated. The submissions are not accepted in full as it was not considered that it was necessary or appropriate to provide a monetary value for the Community Housing in the Plan Change.

Reason for Decision

Plan Change 24, as revised for this Decision, has provided clarification on how contributions of money will be calculated.

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

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.

Decision

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**.

Reason for Decision

We consider that sufficient information has been provided on these matters through the HOPE Strategy, in particular Part A - Applicant Eligibility and Part C – Retention.

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)

Plan Change 24 – Affordable and Community Housing

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)

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%.

Discussion

In arriving at our decision on this submission we have given consideration to a number of factors including:

- The intention not to be unduly onerous in the contributions we seek from developments and subdivisions
- The recognition that affordable housing policy has yet to be developed within the context of local authority planning in New Zealand and the view that, in the absence of such experience to call upon, more than one approach at addressing the issue would be beneficial so that their relative success can be reviewed in the future
- Our view that so long as an applicant can demonstrate that they are delivering the same amount of community housing with suitable retention mechanisms without transferring any ownership, that the Council could not reasonably expect any more action to be taken
- The view that Appendix 11 should avoid being unduly complex
- The comparative advantages the Queenstown Lakes Community Housing Trust have as a deliverer of Community Housing (as outlined in their submission and to the hearings panel of the Trust)

We think it is useful to begin this discussion by recapping that Plan Change 24 has proposed two types of affordable housing as being appropriate to meet the demand for Affordable and Community Housing. These are Affordable Housing and Community Housing. The distinction between these two is essentially that Community Housing requires retention mechanisms (refer to the definitions included the Plan Change resulting from this decision) that will ensure long term price constraints, while the Affordable Housing need only be housing that is protected from use as visitor accommodation and considered to be of a nature that is amenable to more affordable housing (for example through ensuring the delivery of duplex houses or residential flats).

We have not had any information presented to us that suggests that some housing cannot be delivered that will be sufficiently affordable to meet the definitions established by Plan Change 24 without the use of retention mechanisms. Particularly, it would seem that this type of housing may well be deliverable at unregulated purchase prices that fall within the 'moderate' income range (i.e. affordable to household incomes up to 140% of the District's median household income). The premise here is that market prices may well be able to address some of the housing needs, provided developments are directed to provide the type of housing that will lend itself to lower prices. We also note that this Affordable Housing will continue to provide a return to the developer (and quite probably a profit) in contrast to the expectations that the land for Community Housing will be delivered at nil consideration. We therefore believe, taking into account our matters of consideration outlined above, that it would be unwise to dismiss at this stage the potential of the Affordable Housing without retention mechanisms.

But, we also recognise that there are risks that the Affordable Housing delivered in this manner may not be priced at the range foreseen or that future price inflation will render even that housing unaffordable to the target income range. We also doubt that many of the lower income households for which Plan Change 24 is intending to enable housing choice, would be able to afford any housing without some form of subsidy (such as sub-market rent or shared ownership schemes). We therefore consider it is wise that a proportion of housing be subject to retention mechanisms that will give increased certainty as to the ongoing affordability of the housing.

The Plan Change as notified further 'broke down' the requirements of Community Housing. A set proportion of Community Housing obligations (according to the methodology set out in Appendix 11) were to be met by the delivery of land or money for housing to the Community Housing Trust. The other proportion was to be met by the use of covenants that would control prices that a house was sold or rented at.

We have considered this methodology and believe it is one manner in which the prescribed process in Appendix 11 was tending towards being overly complex (both for the reader of the Plan and in terms of administration, as discussed under issue 5.5). Although we see merit in the concept of covenants controlling price, we suspect that it would be impractical for developers and the Council to administer this. A developer would either need to have an ongoing ownership interest or would sell on the housing to subsequent occupants that would be bound by these price constraints. We suspect that many development companies would not wish to work within such long term timeframes and that covenants may be cumbersome to administer and enforce in the future.

If we understand the submission of Remarkables Park correctly, we believe they are alluding to the methods prescribed in Appendix 11 whereby it would usually be expected that 40% (as modified for this decision) of the housing units delivered would be via delivering land or money to the Council for management of the Community Housing Trust. We note Mr Brown, who provided evidence on behalf of Remarkables Parks Ltd at the hearing, outlined the

manner in which they expected to address the requirements of Plan Change 24 as part of their proposed Private Plan Change. That proposal did not include the delivery of Community Housing to the Community Housing Trust. Mr Brown made the comment:

‘I do not consider that, under the Resource Management Act 1991, there is any perceivable difference in effects on the environment whether the [Employee Accommodation] units are owned and rented by the private sector of the [Queenstown Lakes Community Housing Trust].’

We note that this is effectively the opposite position to the request made by the Queenstown Lakes Community Housing Trust that they assume ownership of all Affordable and Community Housing delivered.

We are inclined to accept Mr Brown’s view. While we will avoid being drawn into providing a view of whether the proposal he suggested at the hearing would satisfy the requirements of Plan Change 24 (this will presumably be assessed in due course), we do accept that providing a development or subdivision has met the demand it creates for Community Housing to the equivalent extent that Appendix 11 prescribes (including the appropriate management structures to retain affordability of the Community Housing into the future), that the Council could not reasonably expect further action. Appendix 11 provides direction as to the extent to which action should be taken to provide or enable the provision of Affordable and Community Housing and sets out a method for these actions to be taken. It is quite prescriptive and we expect that in reality it would be rare for an applicant to propose alternative approaches, unless their application is of a particularly large scale and the developers intended involvement in the project is long term (such as would appear to be the case with Remarkables Park). It would seem inefficient for most developers to propose alternative methods and it would need to be assessed whether the alternative methods proposed satisfy the requirements of the Council. But there may be occasions where applicants choose to undertake such alternative approaches.

This does not however mean we believe there is a need for a change to provide the relief sought by the submission. We anticipate that the revised Appendix 11 will be clear that such alternative approaches are open to the submitter provided that certain requirements are met.

Another point we are aware of is that it would seem untenable that we could require that an applicant deliver land, money or housing to a third party (the Trust). We consider any contribution needs to be made to the Council. We understand that there is a working relationship between the Council and the Trust and that in all probability all money, land or housing will be managed and/or owned by the Trust, but we feel the need to adjust the wording of Appendix 11 to be clear that we expect contributions to be made to the Council.

We have therefore decided that, in response to this and other submission points, the means in which Community Housing shall be delivered (as prescribed by Appendix 11) should be simplified. We have decided that the entire portion of the Community Housing should be delivered to the Council (for management by the Trust), or a satisfactory alternative arrangement that will ensure ongoing affordability shall be made. We expect that any alternative arrangement would need to set up an appropriate management structure and include retention mechanisms (which may involve the use of covenants or encumbrances on titles).

Lastly, in consideration of the submissions we received outlining the advantages of Community Housing and particularly that Community Housing that is managed by the Trust,

we are prepared to increase moderately the amount of Affordable and Community Housing that should be Community Housing, from 30% to 40%.

Decision

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

That the submissions of the Queenstown Lakes Community Housing Trust be **accepted in part**. We do not consider that all Affordable and Community Housing should be delivered to the Trust but we have made changes that may see an increased amount of housing delivered to the Trust.

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

That the further submissions in support of Peninsula Road Ltd be **accepted**; 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 **accepted**.

Appendix 11, as revised for this submission, establishes that there appropriate alternative managements structures to the Queenstown Lakes Community Housing Trust will be acceptable and that contributions, if they are made, should be made to the Council.

Reason for Decision

We believe the amended Appendix 11 will be clear on how the Community Housing shall be delivered, which should be simpler to understand and more easily enforceable.

Plan Change 24 does not prescribe that ownership to the Council for management by the Trust is a pre-requisite of meeting the requirements of the Plan Change but we expect that usually this will be the approach taken by applicants.

The modifications will likely increase the amount of housing that will be managed by the Community Housing Trust.

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

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.

Discussion

We believe that Plan Change 24, particularly as revised for this decision, is clear that where one cannot reasonably provide Affordable and Community Housing on site, off site provision or a cash contribution will be accepted. Off site provision could occur on another landholding of the applicant that is suitable for residential development or through an arrangement with another landowner. But we do recognise that this will not always be practically achievable and that monetary contributions will likely be the most appropriate means of action in some cases.

Simon Barr, Commercial General Manager of Queenstown Airport Corporation (QAC) spoke at the hearing and raised some interesting points as to the practicality of the provisions proposed. He discussed how QAC are likely to undertake development in the future that would require an assessment and associated response in accordance with proposed Appendix 11. Mr Barr explained that:

‘QAC is not in the fortunate position of owning land off-site on which it can provide affordable housing. Nor is QAC in the business of acquiring land for residential development’.

We accept that in these circumstances it may be inefficient and burdensome for a developer to enter into the business of residential development simply in order to satisfy the requirements of Plan Change 24. It would appear feasible that the airport may be able to arrive at arrangements with another developer in the vicinity, but it may be more likely that a contribution of money that will facilitate Community Housing development by the Trust would be an action that may prove appropriate in such instances.

We are aware that financial contributions deal with *Community Housing* rather than Affordable Housing requirements. The discussions held at the hearing and subsequently have left us unclear as to how a developer with no interest in residential development could satisfy their obligations towards the provision of Affordable Housing (where retention mechanisms are not necessary) unless they have other landholdings. There is no guarantee that they would be able to reach an agreement with another landowner. And a financial contribution would seem illogical as there is an assumption that the developer should at least be able to recover costs on the Affordable Housing that is not subject to retention mechanisms.

In response to this issue we gave consideration as to whether the Plan Change should be amended to be clear that there will only be an expectation that the Affordable Housing only be delivered on developments where the zoning of the site provides for residential development and that there be an exemption to providing Affordable Housing where the site was inappropriate for residential development (but Community Housing would still be required). But we feel this would be problematic because the aim of Plan Change 24 that development and subdivision meet the demand they create for Affordable and Community Housing would not be being met if this were the case.

We have therefore concluded that if the applicant is unable or unwilling to provide all or part of the Affordable Housing component, that they shall provide the balance in Community Housing (with 100% community housing if necessary).

Decision

That the submissions of Queenstown Airport Corporation be **accepted in part**. We are not granting the relief sought but in response to this issue raised we have inserted the following statement into Appendix 11:

A higher proportion of Community Housing may need to be contributed if the Affordable Housing cannot be provided (for example when the site is unable to accommodate residential development and alternative sites to provide the Affordable Housing are not available).

Reason for Decision

We have not provided for the relief sought by QAC but have made changes having considered the point they have made that providing Affordable Housing can be problematic in applications that are inappropriate for residential development.

4.4 Retention Mechanisms

Issue: All Affordable Housing should have retention mechanisms to ensure it stays affordable in the future. (Note: 'retention mechanisms' is a term defined in the Plan Change).

Original Submissions from

Queenstown Lakes Community Housing Trust

Further submissions in support from

none

Further submissions in opposition from

none

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.

Decision

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

Reason for Decision

The justification for allowing a proportion of Affordable Housing to be delivered without retention mechanisms is outlined under Issue 4.2 We note it would likely cost developers more to make all affordable housing subject to retention mechanisms (effectively making it all

Plan Change 24 – Affordable and Community Housing

Community Housing) and, noting that there is no precedent of affordable housing policy in the District, feel that there is no evidence that the shortage of affordable housing in the District could not be addressed *in part* by housing that is not subject to retention mechanisms.

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.

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.

Discussion

We consider that Plan Change 24 has adequately considered its adverse effects on development. The Section 32 process (of which the deliberations leading to this decision have formed part of) has considered at length and recorded the risks of affecting the viability of development and the associated distortions that could occur.

There was concern expressed by some submitters (particularly at the hearing) that Plan Change 24 would discourage development from occurring in the District.

Mr Bob Robertson of Infinity Investments Ltd (a development company active in the District) spoke to the effect that he considered it likely that developers would choose to work in other 'more developer friendly' districts. In response to this we can only state our view that Plan Change 24 has been structured in such a way that can minimise costs for developers. Developers that already have zoning enabling the development they propose will not be

affected by the Plan Change. By setting out a clear methodology for assessing Affordable and Community Housing contributions a developer could estimate the costs so that they purchase land with this in mind (perhaps meaning they offer less money for the land).

Mr Robertson alluded to his experiences with the Riverside Stage 6 Plan Change in Wanaka. In that plan change the Council entered into an agreement with Infinity Investment Group Holdings Ltd to rezone the area to urban densities and that the developer contribute 5% of the housing as Community Housing. Mr Robertson considered that the cost of doing this had proven to be such that it would have rendered the previously zoned large lot subdivision more profitable. He considered that Plan Change 24 was liable to encourage such outcomes which he considered were not favourable to the community.

With respect, we were not entirely convinced of Mr Robertson's arguments. It seemed to us unusual that Infinity Investment Holdings Ltd would enter into this agreement and undertake the timely plan change process if they already had existing zoning that would provide a greater return.

We recall Mr Colegrave's view in his statement of evidence that he considered Plan Change 24 had inadequately considered the benefits that development provides and/or had failed to factor this into the Appendix 11 methodology. We should at this point be clear that we (and the Council) do recognise that development has contributed substantially to the District's economic and social well being. We take on board Mr Cole's comments (who spoke on behalf of the Community Housing Trust), that the Council should be careful not to 'kill the goose that lays the golden egg' and discourage development. While we agree with these views, we consider it unlikely that Plan Change 24's implications will be so dramatic as to seriously affect the rate of development occurring in the District.

We also know that the Resource Management Act seeks as a central theme the enabling of social and economic wellbeing. We consider that the framework of the RMA, combined with the existing provisions of the District Plan, will continue to ensure that the benefits of development are given consideration and weighed when applications for subdivision or resource consent or plan changes are made. We also do believe however, that the effects of development on the affordability of housing should also be a matter given due consideration in these processes.

As a result of these considerations, attention has been paid to ensuring that the requirements from Plan Change 24 are structured in such a way so as to minimise any adverse effects on the development process. These include:

- Only requiring effects on the affordability of housing to be considered in new plan changes, non-complying activity applications and some discretionary activities
- Providing 'assumed demand figures' so that the likely contributions to be made and other actions to be taken are clear. This means that these assumptions can be factored into the price paid for land prior to development and subdivision taking place
- Only requiring that a part of the affordable housing delivered will be subject to retention mechanisms
- Not requiring any action to be taken if it can be demonstrated that the demand created for Affordable and Community Housing from a development or subdivision is less than one household

- Allowing flexibility for alternative assessments to be undertaken if it is considered that the 'assumed demand figures' are not applicable to the circumstances of the development.

In light of matters such as these, it is our view that Plan Change 24 has been carefully considered to ensure that it does not unduly effect the business of development.

Decision

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 for Decision

We disagree that the negative effects on development have been inadequately considered as part of Plan Change 24.

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

Issue: Applying a requirement to provide affordable and Community Housing 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

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

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.

Discussion

This matter was discussed at some detail in the Planning Officers' Report and, as we are in agreement with the response in that report, we refer readers to that discussion rather than repeat all that was written in this decision.

At the hearing this view was expressed on a number of occasions and there seems to be general disagreement between some of the submitters and the Planning Officers over this issue. While it would seem difficult to categorically state that no costs shall be passed onto house purchasers, or that developers will not incur any reduced profit margin as a result of Plan Change 24, we find that on balance we agree with the Officers' views that the Plan Change has been structured in such a way so as to minimise the need for these situations to occur.

While we have considered the submissions and statements of evidence provided at the hearing, we do accept the notion that there are generally substantial uplifts in the value of land as either resource or subdivision consent is granted or zone changes made that enable development to occur. The example provided in the Planning Officer's report supported this view and we have not had substantive evidence provided to us that would suggest otherwise. Moreover, we believe that it makes sense that land values increase as there is increased certainty over the ability to develop the land.

We believe it is important to keep in mind that the Council is not implementing a tax on a naïve assumption that the profits in development are always plentiful. We and the Council are well aware that the development industry involves risk and costs such as development contributions and holding costs that can temper the financial gains made from value uplifts on land. We also appreciate that the present economic climate may suggest that in future years margins in the industry may be reduced from those achieved in recent years. We nonetheless repeat our view that we believe the costs of Plan Change 24 can be absorbed by adjusted increases in the purchase prices of land prior to consent being granted or a zoning change taking place.

Importantly, Plan Change 24 is not implementing a tax (as some have suggested). It seeks actions be taken, including contributions of land or money, that are proportionate to the effect that development is having on the affordability of housing. It is so as to avoid distortionary effects on the price of housing that Council has opted to only affect certain types of consent applications and plan changes.

We consider it unlikely that many house prices will rise as a result of Plan Change 24. We recall a discussion at the hearing following the evidence of Mr Bruce Hebbard (speaking on behalf of the submission of himself and Alyson Hebbard). Mr Hebbard had suggested that sections at the Riverside 6 development (in which the developer agreed to provide 5% of housing as Community Housing) were selling at higher prices than other sections in Albert Town. He attributed this to the extra costs of that development having to contribute Affordable Housing. We found it difficult to accept however that these higher values (assuming they are indeed being realised) were necessarily attributable to Community Housing contributions. For example, there were alternative suggestions made that the subdivision offered a higher degree of amenity than other sections in Albert Town.

Moreover, we support the view that the price of housing will be determined by the market. The Planning Officer's report gave an explanation of how there is capacity for a considerable amount of housing already zoned-for in the District. This housing enabled by existing zoning is likely to be entering the market for many years. It would seem to us that, using the example of Riverside Stage 6, a section there would have to be sold at a value that is competitive with comparable sections in Wanaka or the Upper Clutha that have not been subject to Affordable Housing contributions.

Decision

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

Reason for Decision

We do not agree that Plan Change 24 necessitates that developers pass on the costs of enabling and contributing Affordable and Community Housing to other home buyers or that it will necessarily reduce the margins made by developers.

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.

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

Decision

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 for Decision

We have discussed in response to other submissions why we do not consider that Plan Change 24 will cause significant market distortions (refer to Issues 5.1 and 5.2) and why we consider it contributes to the efficient use of land (refer Issue 1.4).

5.4 Inefficient /costly transactions?

Issue: Concerns about the costs of considering if developments need to provide Affordable and Community Housing and if so establishing how much. Extra costs may be borne by developers employing consultants to undertake an 'Affordable and Community Housing Assessment' 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 and Community 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.

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.

John Edmond Associates Ltd seeks Policy on how the process will work.

Discussion

We consider that Plan Change 24 has been structured in such a way so as to avoid inefficiencies. If an applicant uses the standard approach and 'assumed demand figures' as outlined in Appendix 11 it would seem fairly straight forward to assess the contribution of Community Housing to be made and the Affordable Housing that is to be provided. We expect that it would be unusual that a development would not be able to use these figures. However, if a developer chooses to undertake an alternative assessment and the results of this assessment are disputed by the Council (which could well be avoided by working in close consultation with the Council on such an assessment) there may be inefficiencies. However, we feel obliged to provide for an alternative assessment, particularly in response to other submissions that have questioned the 'default mitigation figures' or suggested Plan Change 24 is too prescriptive.

Some submitters at the hearing suggested that they would need to hire a consultant to satisfy the requirements proposed by Plan Change 24. We consider that Appendix 11 as revised for this Decision should be sufficiently clear so that hiring a consultant for this aspect will not normally necessary.

We also note that the 'Affordable Housing Calculator' (a tool developed using Microsoft Excel) made assessing the requirements to deliver Affordable and Community Housing from a development relatively simple. The calculator is available on the Council's website and we anticipate that it will be updated to reflect this Decision.

We understand that consenting processes can be timely and frustrating for applicants. We would like to think that Plan Change 24 will contribute little to these given that typically a large amount of other information would need to be submitted with plan changes or non complying or discretionary activities anyway. Moreover, we do not feel that the costs of any extra inefficiencies in consenting (real or perceived) would outweigh the costs of not addressing the shortage of Affordable and Community Housing in the District.

Decision

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

Reason for Decision

We do not consider that hiring a consultant will be or that a change is needed in response to these submissions.

5.5 Complexity of the Plan Change

Issue

The Plan Change, particularly Appendix 11, is unduly complex and difficult to understand.

Original Submissions from

Queenstown Lakes Community Housing Trust

Relief Sought

Queenstown Lakes Community Housing Trust seek that the planning language be more permissive and clearer

Discussion

Several people who spoke at the hearing expressed concern at the complexity of Plan Change 24 and particularly proposed Appendix 11 to the District Plan. We asked the Officers to review the wording of the Plan Change and the methodology it prescribed in order to look at ways it could be simplified and/or more easily understood. We are satisfied that the revised version of Plan Change 24 for this Decision has achieved this aim. Changes include:

- A simplification of the means in which Community Housing shall be delivered
- A review and rationalisation of the wording throughout the Plan Change to ensure all that is included is relevant, applicable and clear to understand
- The removal of a number of tables in Appendix 11 so as to retain only those that are necessary and to simplify how these matters will be assessed in real life situations. Better explanation of the different land use categories in Table 3 of Appendix 11 (as discussed under Issue 3.10)
- The removal of a number of definitions proposed and the rewording and simplification of others
- The addition of a further explanation of how the system of calculating and providing Affordable and Community Housing is expected to work in the introductory comments that are being added to Chapter 4 – District Wide Issues of the District Plan

Decision

That the submission of Queenstown Lakes Community Housing Trust be **accepted in part**. We accept the part of the relief sought that the Plan Change needs to be clearer for users of the Plan.

Appendix 11 has been redrafted so as to make it more easily understood.

Reason for Decision

We consider it is important that the District Plan is easily understood by users.

5.6 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 the developments that are occurring in the District and are not providing Affordable or Community Housing).

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
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

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)

Discussion

We consider it important to note that Plan Change 24 only requires that the amount of Affordable and Community Housing that should be provided shall be proportionate to the demand that the development or subdivision is generating. Therefore, we do not agree that large on greenfield developments will in anyway subsidise other developments.

We do however agree that in effect it will be large developments and generally greenfield developments that will usually be affected. More correctly (as discussed in other parts of this decision such as under Issue 1.8) it is those developments that have zoning that does not enable the development proposed that will be affected by the Plan Change. We consider that it would be inequitable to apply Affordable Housing requirements on all developments as many, if not most, of those areas of land with urban zoning already enabled would have been purchased without the implications of Affordable Housing requirements and Community Housing contributions borne in mind, leaving the owners little choice but to accommodate lower returns or attempt to sell their houses or sections at higher prices.

Decision

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

Reason for Decision

We do not consider that Plan Change 24 is inequitable. There are valid reasons for the Plan Change only affecting some types of development and subdivision.

5.7 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 concerned 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.

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, 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 express support for incentives.

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

Discussion

The aim of Plan Change 24 is to ensure that the affordability of housing is a matter considered in plan changes and some resource and subdivision consents and to ensure that these developments and subdivisions avoid, remedy or mitigate the effects they are having on the affordability of housing (by meeting the demand for Affordable and Community Housing the development or subdivision creates). We do not feel that it is a prerequisite that incentives be offered as part of Plan Change 24. For example, one would not expect incentives be put in place to encourage the provision of adequate wastewater infrastructure for a new subdivision. This would generally be accepted as a requirement.

Decision

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 Southern Planning Group and Remarkables Park Ltd be **accepted in part**. We do not consider that the Plan Change should be withdrawn but we have removed references to incentives such as density bonuses.

That the submissions of the Queenstown Lakes Community Housing Trust and John Edmonds & Associates 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., Southern Planning Group, Remarkables Park Ltd, be **rejected**.

Reason for Decision

We have considered the issue of incentives but do not consider that they are necessary or appropriate to introduce as part of this Plan Change.

5.8 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 or Community 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

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.

Decision

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

Reason for Decision

We note that the Council's development contributions policy is administered under the Local Government Act 2002. Accordingly there is no scope to address this matter via this Plan Change. We recommend that submitters raise these issues as part of the consultation on the Council's development contributions policy.

6.0 ADEQUACY OF PLAN CHANGE AND SUPPORTING WORK

6.1 Adequacy of Analysis

Issue: Suggestions that the section 32 analysis has been inadequate.

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.

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.

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.

Decision

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

Reason for Decision

We are of the opinion that this Plan Change has been subject to a robust and comprehensive analysis that meets the requirements of Section 32 of the Act. We note that the Council has for some time been investigating options for addressing problems with the affordability of housing and that analyses have been carried out throughout the process of this Plan Change. The discussion in this decision also forms part of the record of these analyses.

6.2 Lack of / Quality of Economic Analysis

At the hearing we were fortunate to have two economists present evidence that evaluated the appropriateness of Plan Change 24 *per se* and the methodologies used in the proposed Appendix 11 to the Plan. Their evidence certainly contributed to the debate around the Plan Change and the thoroughness with which we have considered this decision.

It is worthy of note that economic analyses have formed part of the background work undertaken towards Plan Change 24. We note that the Section 32 report included analysis of the work of Kate Barker (particularly with respect to the view that affordable housing contributions are best structured early in the planning process so that they can be ‘factored in’ to the price of land). While Kate Barker’s advice pertained to the planning system of the United Kingdom we do not feel that this (or any other experience from overseas statutes) should be dismissed as irrelevant simply on this basis. While the United Kingdom planning system differs, the basic principle that if the affordable housing contribution can be tied to the point at which land use density provisions are set, then the impacts on other house prices will be minimised, would seem applicable in the Queenstown Lakes District.

We also emphasise that, in our opinion, the work on the methodologies has been carried out with the detailed analysis of a firm with suitable economics expertise (Rationale Ltd). We therefore are not in agreement with Mr Young’s view that there has been a lack of economic analysis and that we (the commissioners) should only be guided on economic matters by the evidence of Dr Fairgray and Mr Colegrave.

At the hearing Mr Colegrave expressed his surprise that the Council had not carried out a cost benefit analysis of Plan Change 24 (which would require identifying all stakeholders and quantifying all costs and benefits). It would seem that Mr Colegrave’s comment in his statement of evidence that Plan Change 24’s ‘potential costs are beyond comprehension’ would indicate that he himself may find quantifying the costs of Plan Change 24 difficult. Mr Colegrave also described the effects as ‘intergenerational’. We understand that cost benefit analyses are at times criticised as ‘discriminating against the future’ by discounting future values. These would appear to be two difficulties with applying a traditional cost benefit analysis to this type of policy introduced via a Plan Change. We note that cost benefit analyses can be of value in some resource management decision situations, but we suspect that this tool is more useful in the context of resource consents when the costs and benefits are more easily quantifiable, and particularly with respect to the likes of infrastructure projects.

The Act does direct us to undertake an assessment of the costs and benefits of a proposal within the context of an analysis under Section 32. As discussed within this Decision (see Issue 1.4), our attention has also been drawn to the relative different weightings of different matters under the Act (which may be problematic for quantifying the costs and benefits of the policy) and establishes at its core meeting the reasonably foreseeable needs of present and future generations (Section 5 (a)). It seems to us that assessing whether Plan Change 24

meets the tests of Section 32 of the Act is best and most realistically served by a predominantly qualitative assessment of the costs and benefits of the Plan Change. To this end, we are satisfied that the Change proposed by this decision has been considered at length, that the benefits outweigh the costs and that it is the most appropriate means in achieving the purpose of the Act.

Decision

While we have addressed this matter separately in this report, it is presumed to relate to the submission point around the adequacy of the Section 32 report. According we **reject** the submissions and further submissions proposing that the economic analysis has been inadequate.

6.3 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

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.

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.

Discussion

We have considered these submissions and agree that the aim of Plan Change 24 would be more appropriately achieved if rules outlining the intention to require contributions of Community Housing and the provision of Affordable Housing were included in the Plan Change. The Change resulting from this decision therefore contains amendments to include rules to this effect.

The notified version of the Plan Change 24 seemed to have a disconnect between the objectives and policies proposed and the methodology for assessing the demand for and providing Affordable Housing as stipulated by Appendix 11. We consider that without rules it is debatable whether the Council could ensure that the methods are given effect to with respect to discretionary and non-complying activities as suggested.

It is certainly clear that this was the intent in Plan Change 24 as notified (with an implementation method included that stated the intent to put in place conditions of consent) but we consider that in order to ensure that this is enabled to occur, and to be clear to all readers of the Plan, it is appropriate that a rule be included throughout the relevant zones of the Plan.

As a result we have decided that the following rule should be added in all relevant zones:

‘Conditions may be included in land use and / or subdivision consents for non-complying activities requiring the provision of, or contribution towards the provision of, affordable and community housing, to be assessed or calculated in accordance with Appendix 11.’

As set out in the provisions resulting from this Decision, in some zones this rule is adjusted to also refer to discretionary activities (the zones for which discretionary activities will be affected are shown under Issue 1.8).

Decision

That the submissions of Five Mile Holdings Ltd and Glendore (NZ) Ltd be **accepted in part**. (The relief sought is not granted but a change has been made to reflect the concerns raised).

That the submission of Peninsula Road Ltd be **accepted in part**. We do not accept that Plan Change 24 needs to be put on hold but we do accept the second part of the relief sought and consider that the amendments made to the provisions of Plan Change 24 address the concerns detailed in Peninsula Road Ltd’s submission.

The further submissions are **accepted in part**.

Reason for Decision

We consider the amendments made address the concerns raised in submissions that there was a need for rules to ensure that Plan Change 24 can be implemented as envisaged.

6.4 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

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.

Decision

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

Reason for Decision

We believe that a considerable amount of research has been undertaken for Plan Change 24, which would seem appropriate for a plan change of this nature. While some of this research has, quite appropriately, considered experiences in other statutes and parts of the world, the RMA context has been carefully considered and we do not consider that overseas experiences have been co-opted.

6.5 Lack of peer review?

Issue: Lack of peer review of Appendix 11 and the ‘assumed demand figures’.

Original Submissions from

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

Further submissions in support from

none

Further submissions in opposition from

none

Relief sought

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

Decision

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

Reason for Decision

The development of Appendix 11 and the ‘assumed demand figures’ benefited from the contributions of a number of different qualified people. As discussed under Issue 6.2, we feel that the contributions of Mr Colegrave and Dr Fairgray have contributed to the robustness of this process through their own analyses of the methodology and figures. We therefore feel comfortable that Plan Change 24 has been subject to an appropriate level of peer review.

6.6 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 and moderate income residents and temporary workers.

Original Submissions from

Ladies Mile Partnership

Further submissions in support from

none

Further submissions in opposition from

none

Relief sought

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

Decision

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

Reason for Decision

The HOPE Strategy Business Community Survey was commissioned early in the Council's process of developing the HOPE Strategy. To a large extent due to the poor response rate it was recognised that further work would be appropriate. To a large extent as a result of this, the Queenstown Labour Market Analysis was undertaken. We consider the Queenstown Labour Market Analysis to be of much more relevance for the justification of Plan Change 24.

6.7 Further studies required?

Issue: Claim that a study is needed on how the costs might fall on other home owners, land owners etc for which Affordable and Community Housing is 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.

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.

Decision

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

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

Reason for Decision

As discussed under Issues 6.1 and 6.4 we feel that there has been an appropriate amount of research and analysis undertaken to support this Decision. Working Paper One was produced much earlier in the process undertaken by the Council, before it was decided what course of action would be undertaken via Plan Change 24. As discussed in this Decision, we consider that Plan Change 24 has been structured in such a way so as to minimise the possibility of these effects occurring.

6.8 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

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.

Decision

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

Reason for Decision

Fringe Benefit Tax is a matter administered by Central Government and is therefore 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*

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.

Decision

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

Reason for Decision

We do not agree that Objective 2 seeks to increase density or that an increase in density is an assumption implied by Plan Change 24. Every development needs to be considered in the context of the zoning that applies to the site which will provide direction on appropriate density.

7.2 Are some areas inappropriate for the development of affordable housing?

Issue: PC 24 fails to adequately deal with the fact that not every development will be appropriate for affordable housing. The Plan Change 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.

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.

Decision

That all submissions and further submissions be **accepted in part**. We consider that the Plan Change as notified had given adequate consideration to these matters but we accept that more guidance should be provided within the Plan Change to outline the circumstances where off-site provision or a cash contribution would be appropriate.

Appendix 11 as amended for this decision provides increased details on the circumstances where off-site provision or a monetary contribution shall be provided. The following is stated:

Affordable and Community Housing should be provided on-site unless 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 is isolated and unreasonably distant from places of work
- d) Where the Council 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

Reason for Decision

Officers inform us that it has always been the expectation that, while a preference for on-site provision be expressed, there be flexibility to ensure that off-site provision or a monetary contribution be provided for in situations where one of these is a more appropriate option.

We consider that the revised Appendix 11 provides adequate guidance to ensure that there should be no misunderstanding as to this policy by providing examples of scenarios where off-site provision or contributions of money will prove appropriate.

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.

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.

Decision

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**.

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

Reason for Decision

We anticipate that this change clarifies in what circumstances Affordable and Community Housing will be provided on site (as discussed under Issue 7.2) will go some way to addressing this concern. Noting that Plan Change 24 only affects non-complying activities, some discretionary activities and Plan Changes, we do not consider that activity statuses would be affected by having to consider the need to provide for Affordable or Community Housing (as these applications can regardless be declined).

7.4 Definition of Affordable Housing

Issue: With regard to the definition of Affordable Housing. 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

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.

Discussion

We agree that the term 'gross' needs to be inserted (we are informed by Officers that this is how the definition was intended to be read).

We have given consideration to ideas that a higher percentage of income attributed to housing may be acceptable while still qualifying as Affordable or Community Housing, but consider that the 30% figure conforms with other widely used definitions of Affordable Housing. For example we consider this to be consistent with the New Zealand Housing Strategy.

Thought was also given to the possibility of also defining Affordable Housing by net income (as suggested in the Planning Officer's report by a reference to documents in the the HOPE strategy). We feel however that this unduly complicates matters, noting the submissions received that the Plan Change was too complex (refer to Issue 5.5).

Decision

That all submissions on this issue be **accepted in part**.

The only part that is accepted is that the word 'gross' has been inserted into the definition to stipulate that the definition of Affordable Housing relates to 30% of gross income.

Reason for Decision

We agree that the definition of Affordable Housing in the notified version of the Plan Change was in need of some clarification

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 and Community 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.

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.

Decision

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 submission of John Edmonds Associates Ltd be **noted**. While this is a matter for the administration of the Plan, we consider that applications would likely be assessed separately.

That the further submissions be **rejected**.

Reason for Decision

We note that Planning Officers attempted to address this matter in the Planning Officers' report for the hearing. Submitters at the hearing still found the recommended change unsatisfactory. We consider that the recommended change would have been difficult to implement and not in line with our aim to see the Plan Change simplified (as discussed in Issue 5.5). But we have also been unable to come up with a satisfactory alternative amendment.

We do not envisage that such instances will be common and that applicants will necessarily see the issue as so problematic as to subject themselves to the inefficiencies of multiple applications, particularly if the requirement is to be Affordable Housing rather than Community Housing. We therefore have decided that the matter is not serious enough to affect the viability of the Change and that the submissions should be rejected.

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

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.

Discussion

As part of the review of the wording of the Plan Change in response to submissions that it was overly complex (refer to Issue 5.5), officers reviewed whether these terms were necessary for the application of the Plan Change. Their conclusion was that these terms were not necessary. The occupation of Affordable Housing (as opposed to Community Housing) is not a matter regulated by the Plan Change and in most instances the Community Housing requirements are expected to be met by way of a contribution to Council. If alternative arrangements are intended the wording of Appendix 11 is now clear that the housing mix should either reflect the needs of the households of the identified workforce that will support the development or subdivision or refer to the Council guideline: Document A: Applicant Eligibility Criteria. The only reference to these terms left is with respect to the expectations of alternative assessments. We consider these terms can be self explanatory in this regard and there is an expectation that an alternative assessment would describe the particular circumstances of the expected workforce anyway.

Decision

That the submissions of Five Mile Ltd and Glendore (NZ) Ltd be **accepted in part**.

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

We do not believe there is a need to withdraw the Plan Change but, partly in response to these submissions, we have decided that these proposed definitions should be deleted.

Reason for Decision

We do not consider that definitions of these terms are necessary for inclusion in the Plan Change.

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

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.

Decision

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

Reason for Decision

Officers used the minimum unit sizes established in an Auckland City plan change (which we understand is settled in this respect) to establish these minimum unit sizes. We have not been presented with any evidence to suggest that 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.

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'.

Decision

That the submission of John Edmonds Associates Ltd be **accepted in part**. Alternative wording to that suggested has been inserted.

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

The changes requested by the Council are included in Appendix 11 as revised for this Decision.

Reason for Decision

We consider the changes to be appropriate, reflecting the intent of officers in drafting the Plan Change and being consistent with other definitions in the Plan.

7.9 Why limit affordable housing to existing urban areas?

Issue

Limiting Affordable and Community 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.

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.

Discussion

It is not our interpretation that Policy 1 following Objective 2 suggests that Affordable Housing need be confined within the *existing* confines of urban settlements of the District. If resource management processes supported the expansion of urban settlements or the creation of new urban settlements in the District, we consider that this policy would indicate that Affordable Housing should be located in those areas.

We do however note that one of the issues under 4.10.2 did refer to 'existing' urban areas. We suspect that these Issues would have limited weight, we have removed this word to avoid causing confusion.

Decision

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 **accepted in part**. We have removed the word 'existing' from the issue under 4.10.2. We do not consider that other changes are necessary or appropriate in this regard.

Reason for Decision

We do not consider that Plan Change 24 need be interpreted in this manner but we have made the change to avoid any confusion.

7.10 Should affordable housing be spread throughout 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.

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.

Discussion

We understand the intent of the plan change as notified in that it would not be an ideal outcome, in terms of neighbourhood make-up, to concentrate Affordable and Community Housing in certain areas of new developments of subdivisions. To this end we consider this effect should be avoided if it can be done so relatively easily. But we also understand the logic of the submission made and would like not to see this provision count against the provision of cost effective means of delivering Affordable and Community Housing. We anticipate that the changes made in response to this submission will provide for the balanced consideration of these matters.

Change recommended

That the submission of Peninsula Road Ltd be **accepted in part**. We have made a change in response to the issue raised but do not believe the Plan Change needs to be put on hold.

The following revised criterion has been added to 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 for Decision

The above change should provide assurance to the submitter 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.

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).

Discussion

We see merit in this assessment matter being included as it reminds a user of the Plan that they are expected to undertake an assessment in accordance with Appendix 11. At the hearing Mr Goldsmith (appearing on behalf of Peninsula Rd Ltd) requested that the wording be reconsidered as in his view the above requested change could be interpreted to imply that an application should be assessed more than once for its effects on the affordability of housing. We have asked that the wording be revised to avoid any misinterpretation. A more simple assessment matter has now been included in the Plan Change in relevant sections:

Whether the for demand affordable and community housing created by the development or subdivision has been assessed or calculated in accordance with Appendix 11 and suitable contributions and/or provision is to be made to meet that demand’.

The assessment matter differs slightly in the Residential zone:

‘With respect to applications utilising the Comprehensive Residential Development rules, whether the for demand affordable and community housing created by the development or subdivision has been assessed or calculated in accordance with Appendix 11 and suitable contributions and/or provision is to be made to meet that demand’.

Decision

That the submission of Queenstown Lakes District Council be **accepted in part**. Alternative wording to that proposed is to be included.

The changes to be made are outlined above.

Reason for Decision

We consider the amendment to be appropriate for consistent administration of the Plan.

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.

Relief sought

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

Decision

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

Reason for Decision

In response to our request that Appendix 11 be amended to allow for it to be more easily understood and administrated, officers have concluded that it is unnecessary for the number of households needing affordable housing to be broken into fractions and weighted. Neither of these terms is therefore required.

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.

Relief sought

1. 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 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.

2. 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: . . .

Decision

That the submission be **rejected**.

Reason for Decision

In response to the submissions that Appendix 11 was unduly complex we asked officers to reconsider all wording to ensure the intent is clear. Neither of these matters are now included in the revised Appendix 11.

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.

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.

Decision

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

Reason for Decision

We see no reason Plan Change 24 should inhibit good urban design and note that the need to adhere to the urban design principles of a wider development is mentioned in Part A of Appendix 11.

7.15 What zones does PC24 apply to?

Issue: It is unclear what zones Plan Change 24 applies to.

Original Submissions from

Remarkables Park Ltd

Further submissions in support from

None.

Further submissions in opposition from

None.

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.

Decision

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

Reason for Decision

We consider that it is sufficiently clear that Plan Change 24 applies to all zones with respect to non-complying activities, some zones with respect to discretionary activities (as discussed under Issue 1.8) and that future plan changes will describe how Affordable and Community Housing is to be addressed in the zones to which they apply.

7.16 Should minor breaches of site or zone standards 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.

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.

Decision

That the submission of Southern Planning Group Ltd be **accepted**.

Changes have been made to Appendix 11 to clarify this matter.

Reason for Decision

We consider that Appendix 11 as modified for this decision should be make it clear that changes it is only the increase in the effects on the affordability of housing above what is already consented or achievable under the Plan that should be assessed.

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

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.

Decision

That the submission of David and Christine Benjamin be **rejected**.
That the further submission in opposition be **accepted**.

Reason for Decision

We consider that 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.

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.’

Decision:

That the submissions of Millbrook Country Club Ltd and Queenstown Lakes District Council be **accepted**. That the further submissions in support be **accepted**.

The change requested by QLDC has been included in the Plan Change.

Reason for Decision

We consider that this addition to Appendix 11 clarifies what we are advised is the Council’s original intent that any development in accordance with a pre-existing agreement for the delivery of Affordable and Community Housing should not be subject to further requirements under PC24.

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

Decision

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 the implication such goals need to be listed in the District Plan through PC24.

Reason for Decision

We agree with the point made by the Queenstown Lakes Community Housing Trust in their submitter that goals for the delivery of Affordable Housing are desirable however we note that these are stated in the Council's HOPE Strategy and consider this is the most appropriate place for these.

8.4 Is there a spreadsheet that summarises PC24 requirements?

Issue: Need for Council to provide a spreadsheet that summarises the requirements of Affordable and Community 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

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.

Decision

That the submission of Southern Planning Group Ltd be **accepted**.

Reason for Decision

We have found the Affordable Housing Calculator to be a useful tool, and recommend to Council that it be updated to reflect the revisions made in this report and made available to the public as soon as practical.

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.

Relief sought

Unclear

Decision

That the submission of Ingo True be **accepted**.

Reason for Decision

We note the submitter's comment and the fact that minimum quality standards for Affordable and Community Housing that have been included in the Plan Change.

-end-