Attachment C

Appendix Two

Statutory Plans

Resource Management Act 1991

1.1. The Resource Management Act 1991 ("RMA" or "the Act") requires an integrated planning approach and direction to promote the sustainable management of natural and physical resources. Section 5 of the act sets out the purpose and principles of the act. Section 5 is given further elaboration in, sections 6, 7 and 8 of Part 2 of the Act. Sections 6, 7 and 8 supplement the core purpose of sustainable management by stating the particular obligations of those administering the RMA in relation to the various matters identified:

5 Purpose

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

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

(b) safeguarding the life-supporting capacity of air, water, soil, and ecosystems; and

(c) avoiding, remedying, or mitigating any adverse effects of activities on the environment.

1.2. Section 6 of the RMA sets out a number of matters of national importance that are to be recognised and provided for. The following section 6 matters are relevant:

(a) the preservation of the natural character of the coastal environment (including the coastal marine area), wetlands, and lakes and rivers and their margins, and the protection of them from inappropriate subdivision, use, and development:

(b) the protection of outstanding natural features and landscapes from inappropriate subdivision, use, and development:

(c) the protection of areas of significant indigenous vegetation and significant habitats of indigenous fauna:

(d) the maintenance and enhancement of public access to and along the coastal marine area, lakes, and rivers:

1.3. Section 7 lists "other matters" that Council shall have particular regard to and those most relevant to the TPLM Zone Chapter include the following:

(a) kaitiakitanga:

(aa) the ethic of stewardship:

(b) the efficient use and development of natural and physical resources:

(ba) the efficiency of the end use of energy:

(c) the maintenance and enhancement of amenity values:

(d) intrinsic values of ecosystems:

(f) maintenance and enhancement of the quality of the environment:

(g) any finite characteristics of natural and physical resources:

(i) the effects of climate change:

1.4. Section 8 requires that Council take into account the principles of the Te Tiriti o Waitangi or Treaty of Waitangi ("the Treaty"). The principles as they relate to resource management derive from the treaty itself and from resource management case law and practice. They can be summarised as follows:

a) The active protection of the **Partnership** between the two parties;

b) The **Protection** of resources of importance to tangata whenua from adverse effects;

c) The active **Participation** by tangata whenua in resource management decision making;

d) The obligation to reasonably, honourably and in good faith towards each other; and

e) The obligation to make informed decisions on matters that affect the interests of Māori.

1.5. Section 31 of the RMA states:

31 Functions of territorial authorities under this Act

(1) Every territorial authority shall have the following functions for the purpose of giving effect to this Act in its district:

(a) the establishment, implementation, and review of objectives, policies, and methods to achieve integrated management of the effects of the use, development, or protection of land and associated natural and physical resources of the district:

(aa) the establishment, implementation, and review of objectives, policies, and methods to ensure that there is sufficient development capacity in respect of housing and business land to meet the expected demands of the district:

(b) the control of any actual or potential effects of the use, development, or protection of land, including for the purpose of—

(i) the avoidance or mitigation of natural hazards; and

(ii) [Repealed]

(iia) the prevention or mitigation of any adverse effects of the development, subdivision, or use of contaminated land:

(iii) the maintenance of indigenous biological diversity:

(c) [Repealed]

(d) the control of the emission of noise and the mitigation of the effects of noise:

(e) the control of any actual or potential effects of activities in relation to the surface of water in rivers and lakes:

(f) any other functions specified in this Act.

(2) The methods used to carry out any functions under subsection (1) may include the control of subdivision

National Policy Statement – Urban Development 2020

1.6. A district plan must give effect to a National Policy Statement.

1.7. The Council is a tier 2 local authority under the NPS-UD. The relevant provisions are set out in the table below.

National Policy Statement on Urban Development: Provisions
Objective 1: New Zealand has well-functioning urban environments that enable all people and communities to provide for their social, economic, and cultural wellbeing, and for their health and safety, now and into the future.
Objective 2: Planning decisions improve housing affordability by supporting competitive land and development markets.
Objective 3: Regional policy statements and district plans enable more people to live in, and more businesses and community services to be located in, areas of an urban environment in which one or more of the following apply: (a) the area is in or near a centre zone or other area with many employment opportunities (b) the area is well-serviced by existing or planned public transport (c) there is high demand for housing or for business land in the area, relative to other areas within the urban environment.
Objective 4: New Zealand's urban environments, including their amenity values, develop and change over time in response to the diverse and changing needs of people, communities, and future generations.
Objective 5: Planning decisions relating to urban environments, and FDSs, take into account the principles of the Treaty of Waitangi (Te Tiriti o Waitangi).
Objective 6: Local authority decisions on urban development that affect urban environments are: (a) integrated with infrastructure planning and funding decisions; (b) and strategic over the medium term and long term; and (c) responsive, particularly in relation to proposals that would supply significant development capacity
Objective 7: Local authorities have robust and frequently updated information about their urban environments and use it to inform planning decisions.
Objective 8: New Zealand's urban environments: (a) support reductions in greenhouse gas emissions; and (b) are resilient to the current and future effects of climate change.
Policy 1: Planning decisions contribute to well-functioning urban environments, which are urban environments that, as a minimum: (a) have or enable a variety of homes that: (b) meet the needs, in terms of type, price, and location, of different households; and (c) (enable Māori to express their cultural traditions and norms; and (d) have or enable a variety of sites that are suitable for different business sectors in terms of location and site size; and (e) have good accessibility for all people between housing, jobs, community services, natural spaces, and open spaces, including by way of public or active transport; and

National Policy Statement on Urban Development: Provisions
(f) support, and limit as much as possible adverse impacts on, the competitive operation of land and development markets; and (g) support reductions in greenhouse gas emissions; (h) and are resilient to the likely current and future effects of climate change.
Policy 2: Tier 1, 2, and 3 local authorities, at all times, provide at least sufficient development capacity to meet expected demand for housing and for business land over the short term, medium term, and long term.
Policy 5: Regional policy statements and district plans applying to tier 2 and 3 urban environments enable heights and density of urban form commensurate with the greater of: (a) the level of accessibility by existing or planned active or public transport to a range of commercial activities and community services; (b) or relative demand for housing and business use in that location
Policy 6: When making planning decisions that affect urban environments, decision-makers have particular regard to the following matters: (a) the planned urban built form anticipated by those RMA planning documents that have given effect to this National Policy Statement (b) that the planned urban built form in those RMA planning documents may involve significant changes to an area, and those changes: (i) may detract from amenity values appreciated by some people but improve amenity values appreciated by other people, communities, and future generations, including by providing increased and varied housing densities and types; and (ii) are not, of themselves, an adverse effect (c) the benefits of urban development that are consistent with well-functioning urban environments (as described in Policy 1) (d) any relevant contribution that will be made to meeting the requirements of this National Policy Statement to provide or realise development capacity (e) the likely current and future effects of climate change.
Policy 7: Tier 1 and 2 local authorities set housing bottom lines for the short-medium term and the long term in their regional policy statements and district plans.
Policy 8: Local authority decisions affecting urban environments are responsive to plan changes that would add significantly to development capacity and contribute to well-functioning urban environments, even if the development capacity is: (a) unanticipated by RMA planning documents; or (b) out-of-sequence with planned land release.
Policy 9: Local authorities, in taking account of the principles of the Treaty of Waitangi (Te Tiriti o Waitangi) in relation to urban environments, must: (a) involve hapū and iwi in the preparation of RMA planning documents and any FDSs by undertaking effective consultation that is early, meaningful and, as far as practicable, in accordance with tikanga Māori; and (b) when preparing RMA planning documents and FDSs, take into account the values and aspirations of hapū and iwi for urban development; and (c) provide opportunities in appropriate circumstances for Māori involvement in decision-making on resource consents, designations, heritage orders, and water conservation orders, including in relation to sites of significance to Māori and issues of cultural significance; and (d) operate in a way that is consistent with iwi participation legislation.

National Policy Statement on Urban Development: Provisions
Policy 10: Tier 1, 2, and 3 local authorities: (a) that share jurisdiction over urban environments work together when implementing this National Policy Statement; and (b) engage with providers of development infrastructure and additional infrastructure to achieve integrated land use and infrastructure planning; and (c) engage with the development sector to identify significant opportunities for urban development.

Regional Policy Statement

1.8. Section 75 of the Act requires that a district plan prepared by a territorial authority must "give effect to" any operative Regional Policy Statement. The Partially Operative Otago Regional Policy Statement 2019 (**PORPS 19**) is relevant.

1.9. Section 74 of the Act requires that the district plan must have regard to any Proposed Regional Policy Statement. The 2021 proposed Regional Policy Statement (**PRPS 21**) is relevant .

1.10. The objectives and policies from the PORPS19 and PRPS 21 in the table below are relevant.

Partially Operative Regional Policy Statement 2019	
Reference	**Detail**
Chapter 1 - Resource management in Otago is integrated	
Objective 1.1	**Otago's resources are used sustainably to promote economic, social, and cultural wellbeing for its people and communities**
Policy 1.1.1	**Economic wellbeing** Provide for the economic wellbeing of Otago's people and communities by enabling the resilient and sustainable use and development of natural and physical resources.
Policy 1.1.2	**Social and cultural wellbeing and health and safety** Provide for the social and cultural wellbeing and health and safety of Otago's people and communities when undertaking the subdivision, use, development and protection of natural and physical resources by all of the following: a) Recognising and providing for Kāi Tahu values; b) Taking into account the values of other cultures; c) Taking into account the diverse needs of Otago's people and communities; d) Avoiding significant adverse effects of activities on human health; e) Promoting community resilience and the need to secure resources for the reasonable needs for human wellbeing; f) Promoting good quality and accessible infrastructure and public services.
Objective 1.2	**Recognise and provide for the integrated management of natural and physical resources to support the wellbeing of people and communities in Otago**
Policy 1.2.1	**Integrated resource management** Achieve integrated management of Otago's natural and physical resources, by all of the following: a) Coordinating the management of interconnected natural and physical resources;

Partially Operative Regional Policy Statement 2019	
Reference	**Detail**
	b) Taking into account the impacts of management of one natural or physical resource on the values of another, or on the environment; c) Recognising that the value and function of a natural or physical resource may extend beyond the immediate, or directly adjacent, area of interest; d) Ensuring that resource management approaches across administrative boundaries are consistent and complementary; e) Ensuring that effects of activities on the whole of a natural or physical resource are considered when that resource is managed as subunits. f) Managing adverse effects of activities to give effect to the objectives and policies of the Regional Policy Statement. g) Promoting healthy ecosystems and ecosystem services; h) Promoting methods that reduce or negate the risk of exceeding sustainable resource limits.
Objective 4.5	**Urban growth and development is well designed, occurs in a strategic and coordinated way, and integrates effectively with adjoining urban and rural environments**
Policy 4.5.1	**Providing for urban growth and development** Provide for urban growth and development in a strategic and co-ordinated way, including by: a) Ensuring future urban growth areas are in accordance with any future development strategy for that district. b) Monitoring supply and demand of residential, commercial and industrial zoned land; c) Ensuring that there is sufficient housing and business land development capacity available in Otago; d) Setting minimum targets for sufficient, feasible capacity for housing in high growth urban areas in Schedule 6 e) Coordinating the development and the extension of urban areas with infrastructure development programmes, to provide infrastructure in an efficient and effective way. f) Having particular regard to: i. Providing for rural production activities by minimising adverse effects on significant soils and activities which sustain food production; ii. Minimising competing demands for natural resources; iii. Maintaining high and outstanding natural character in the coastal environment; outstanding natural features, landscapes, and seascapes; and areas of significant indigenous vegetation and significant habitats of indigenous fauna; iv. Maintaining important cultural or historic heritage values; v. Avoiding land with significant risk from natural hazards; g) Ensuring efficient use of land; h) Restricting urban growth and development to areas that avoid reverse sensitivity effects unless those effects can be adequately managed;

Partially Operative Regional Policy Statement 2019	
Reference	**Detail**
	i) Requiring the use of low or no emission heating systems where ambient air quality is: i. Below standards for human health; or ii. Vulnerable to degradation given the local climatic and geographical context; j) Consolidating existing coastal settlements and coastal urban areas where this will contribute to avoiding or mitigating sprawling or sporadic patterns of settlement and urban growth.
Policy 4.5.2	**Integrating infrastructure with land use** Achieve the strategic integration of infrastructure with land use, by undertaking all of the following: a) Recognising and providing for the functional needs of infrastructure; b) Locating and designing infrastructure to take into account all of the following: i. Actual and reasonably foreseeable land use change; ii. The current population and projected demographic changes; iii. Actual and reasonably foreseeable change in supply of, and demand for, infrastructure services; iv. Natural and physical resource constraints; v. Effects on the values of natural and physical resources; vi. Co-dependence with other infrastructure; vii. The effects of climate change on the long-term viability of that infrastructure; viii. Natural hazard risk. c) Coordinating the design and development of infrastructure with land use change in growth and redevelopment planning.
Policy 4.5.3	**Urban design** Design new urban development with regard to: a) A resilient, safe and healthy community; b) A built form that relates well to its surrounding environment; c) Reducing risk from natural hazards; d) Good access and connectivity within and between communities; e) A sense of cohesion and recognition of community values; f) Recognition and celebration of physical and cultural identity, and the historic heritage values of a place;] g) Areas where people can live, work and play; h) A diverse range of housing, commercial, industrial and service activities; i) A diverse range of social and cultural opportunities

Proposed Regional Policy Statement 2021	
Reference	**Detail**
Part 2- Integrated Management	
Objective IM-O1	Long term vision The management of natural and physical resources in Otago, by and for the people of Otago, including Kāi Tahu, and as expressed in all resource management plans and decision making, achieves healthy, resilient, and safeguarded natural systems, and the ecosystem services they offer, and supports the well-being of present and future generations, mō tātou, ā, mō kā uri ā muri ake nei.
Objective IM-O2	Ki uta ki tai Natural and physical resource management and decision making in Otago embraces ki uta ki tai, recognising that the environment is an interconnected system, which depends on its connections to flourish, and must be considered as an interdependent whole.
Objective IM-O3	Environmentally sustainable impact Otago's communities carry out their activities in a way that preserves environmental integrity, form, function, and resilience, so that the life-supporting capacities of air, water, soil, ecosystems, and indigenous biodiversity endure for future generations.
Objective IM-O4	Climate change Otago's communities, including Kāi Tahu, understand what climate change means for their future, and climate change responses in the region, including adaptation and mitigation actions, are aligned with national level climate change responses and are recognised as integral to achieving the outcomes sought by this RPS.
Policy IM-P2	Decision priorities Unless expressly stated otherwise, all decision making under this RPS shall: 1) firstly, secure the long-term life-supporting capacity and mauri of the natural environment, 2) secondly, promote the health needs of people, 3) thirdly, safeguard the ability of people and communities to provide for their social, economic,and cultural well-being, now and in the future.
Policy IM-P3	Providing for *mana whenua* cultural values in achieving integrated management Recognise and provide for Kāi Tahu's relationship with natural resources by: 1) enabling *mana whenua* to exercise rakatirataka and *kaitiakitaka*, 2) facilitating active participation of *mana whenua* in resource management decision making, 3) incorporating mātauraka Māori in decision making, and 4) ensuring resource management provides for the connections of Kāi Tahu to *wāhi tūpuna*, *water* and *water bodies*, the coastal environment, mahika kai and habitats of taoka species.
Policy IM-P4	Setting a strategic approach to ecosystem health Healthy ecosystems and ecosystem services are achieved through a planning framework that: 1) protects their *intrinsic values*, 2) takes a long-term strategic approach that recognises changing *environments*,

Proposed Regional Policy Statement 2021	
Reference	**Detail**
	3) recognises and provides for ecosystem complexity and interconnections, and 4) anticipates, or responds swiftly to, changes in activities, pressures, and trends.
Policy IM-P5	Managing environmental interconnections Coordinate the management of interconnected *natural and physical resources* by recognising andproviding for: 1) situations where the value and function of a *natural or physical resource* extends beyond theimmediate, or directly adjacent, area of interest, 2) the effects of activities on a *natural or physical resource* as a whole when that resource ismanaged as sub-units, and 3) the impacts of management of one *natural or physical resource* on the values of another, or on the *environment*.
Policy IM-P6	Acting on best available information Avoid unreasonable delays in decision-making processes by using the best information available at thetime, including but not limited to mātauraka Māori, local knowledge, and reliable partial data.
Policy IM-P8	*Climate change* impacts Recognise and provide for *climate change* processes and *risks* by identifying *climate change* impacts in Otago, including impacts from a te ao Māori perspective, assessing how the impacts are likely to change over time and anticipating those changes in resource management processes and decisions.
Policy IM-P9	Community response to *climate change* impacts By 2030 Otago's communities have established responses for adapting to the impacts of *climate change*, are adjusting their lifestyles to follow them, and are reducing their *greenhouse gas* emissionsto achieve net-zero carbon emissions by 2050.
Policy IM-P10	*Climate change* adaptation and mitigation Identify and implement *climate change* adaptation and mitigation methods for Otago that: 1) minimise the effects of *climate change* processes or *risks* to existing activities, 2) prioritise avoiding the establishment of new activities in areas subject to *risk* from the *effects* of *climate change*, unless those activities reduce, or are resilient to, those *risks*, and 3) provide Otago's communities, including Kāi Tahu, with the best chance to thrive, even under the most extreme *climate change* scenarios.
Policy IM-P11	Enhancing environmental *resilience* to *effects* of *climate change* Enhance environmental resilience to the adverse *effects of climate change* by facilitating activities that reduce human impacts on the *environment.*
Policy IM-P13	Managing cumulative *effects* Otago's environmental integrity, form, function, and *resilience*, and opportunities for future generations, are protected by recognising and specifically managing the cumulative effects of activities on natural and physical resources in plans and explicitly accounting for these effects in other resource management decisions.
UFD- Urban form and development	

Proposed Regional Policy Statement 2021	
Reference	**Detail**
Objective UFD-O1	Form and function of urban areas The form and functioning of Otago's urban areas: 1) reflects the diverse and changing needs and preferences of Otago's people and communities, now and in the future, and 2) maintains or enhances the significant values and features identified in this RPS, and the character and resources of each urban area.
Objective UFD-O2	Development of urban areas The development and change of Otago's urban areas: 1) improves housing choice, quality, and affordability, 2) allows business and other non-residential activities to meet the needs of communities in appropriate locations, 3) respects and wherever possible enhances the area's history, setting, and natural and built environment, 4) delivers good urban design outcomes, and improves liveability, 5) improves connectivity within urban areas, particularly by active transport and public transport, 6) minimises conflict between incompatible activities, 7) manages the exposure of risk from natural hazards in accordance with the HAZ–NH – Natural hazards section of this RPS, 8) results in sustainable and efficient use of water, energy, land, and infrastructure, 9) achieves integration of land use with existing and planned development infrastructure and additional infrastructure and facilitates the safe and efficient ongoing use of regionally significant infrastructure, 10) achieves consolidated, well designed and located, and sustainable development in and around existing urban areas as the primary focus for accommodating the region's urban growth and change, and 11) is guided by the input and involvement of mana whenua.
Objective UFD-O3	Strategic planning Strategic planning is undertaken in advance of significant development, expansion or redevelopment of urban areas to ensure that 1) there is sufficient development capacity supported by integrated infrastructure provision for Otago's housing and business needs in the short, medium and long term, 2) development is located, designed and delivered in a way and at a rate that recognises and provides for locationally relevant regionally significant features and values identified by this RPS, and 3) the involvement of mana whenua is facilitated, and their values and aspirations are provided for.
Objective UFD-O4	Development in rural areas Development in Otago's rural areas occurs in a way that: 1) avoids impacts on significant values and features identified in this RPS, 2) avoids as the first priority, land and soils identified as highly productive by LF–LS–P19 unless there is an operational need for the development to be located in rural areas,

Proposed Regional Policy Statement 2021	
Reference	**Detail**
	3) only provides for urban expansion, rural lifestyle and rural residential development and the establishment of sensitive activities, in locations identified through strategic planning or zoned within district plans as suitable for such development; and 4) outside of areas identified in (3), maintains and enhances the natural and physical resources that support the productive capacity, rural character, and long-term viability of the rural sector and rural communities.
Objective UFD-O5	Urban development and climate change The impacts of climate change are responded to in the development and change of Otago's urban areas so that: 1) the contributions of current communities and future generations to climate change impacts are reduced, 2) community resilience increases, 3) adaptation to the effects of climate change is facilitated, 4) energy use is minimised, and energy efficiency improves, and 5) establishment and use of small and community-scale distributed electricity generation is enabled.
Policy UFD-P1	Strategic planning Strategic planning processes, undertaken at an appropriate scale and detail, precede urban growth and development and: 1) ensure integration of land use and infrastructure, including how, where and when necessary development infrastructure and additional infrastructure will be provided, and by whom, 2) demonstrate at least sufficient development capacity supported by integrated infrastructure provision for Otago's housing and business needs in the short, medium and long term, 3) maximise current and future opportunities for increasing resilience, and facilitating adaptation to changing demand, needs, preferences and climate change, 4) minimise risks from and improve resilience to natural hazards, including those exacerbated by climate change, while not increasing risk for other development, 5) indicate how connectivity will be improved and connections will be provided within urban areas, 6) provide opportunities for iwi, hapū and whānau involvement in planning processes, including in decision making, to ensure provision is made for their needs and aspirations, and cultural practices and values, 7) facilitate involvement of the current community and respond to the reasonably foreseeable needs of future communities, and 8) identify, maintain and where possible, enhance important features and values identified by this RPS.
Policy UFD-P2	Sufficiency of development capacity Sufficient urban area housing and business development capacity in urban areas, including any required competitiveness margin, is provided in the short, medium and long term by: 1) undertaking strategic planning in accordance with UFD–P1 2) identifying areas for urban intensification in accordance with UFD–P3,

<table>
<tr><th colspan="2">Proposed Regional Policy Statement 2021</th></tr>
<tr><th>Reference</th><th>Detail</th></tr>
<tr><td></td><td>3) identifying areas for urban expansion in accordance with UFD–P4,
4) providing for commercial and industrial activities in accordance with UFD–P5 and UFD–P6
5) responding to any demonstrated insufficiency in housing or business development capacity by increasing development capacity or providing more development infrastructure as required, as soon as practicable, and
6) requiring Tier 2 urban environments to meet, at least, the relevant housing bottom lines in APP10.</td></tr>
<tr><td>Policy
UFD-P4</td><td>Urban expansion
Expansion of existing urban areas is facilitated where the expansion:
1) contributes to establishing or maintaining the qualities of a well-functioning urban environment,
2) will not result in inefficient or sporadic patterns of settlement and residential growth,
3) is integrated efficiently and effectively with development infrastructure and additional infrastructure in a strategic, timely and co-ordinated way,
4) addresses issues of concern to iwi and hapū, including those identified in any relevant iwi planning documents,
5) manages adverse effects on other values or resources identified by this RPS that require specific management or protection,
6) avoids, as the first priority, highly productive land identified in accordance with LF–LS–P19,
7) locates the new urban/rural zone boundary interface by considering:
(a) adverse effects, particularly reverse sensitivity, on rural areas and existing or potential productive rural activities beyond the new boundary, and
(b) key natural or built barriers or physical features, significant values or features identified in this RPS, or cadastral boundaries that will result in a permanent, logical and defendable long- term limit beyond which further urban expansion is demonstrably inappropriate and unlikely, such that provision for future development infrastructure expansion and connectivity beyond the new boundary does not need to be provided for, or
(c) reflects a short or medium term, intermediate or temporary zoning or infrastructure servicing boundary where provision for future development infrastructure expansion and connectivity should not be foreclosed, even if further expansion is not currently anticipated.</td></tr>
<tr><td>Policy
UFD-P5</td><td>Commercial activities
Provide for commercial activities in urban areas by:
1) enabling a wide variety and scale of commercial activities, social activities and cultural activities in central business districts, town centres and commercial areas, especially if they are highly accessible by public transport and active transport,
2) enabling smaller local and neighbourhood centres and rural settlements to accommodate a variety of commercial activities, social activities and cultural activities of a scale appropriate to service local community needs,</td></tr>
</table>

Proposed Regional Policy Statement 2021	
Reference	**Detail**
	3) providing for the expansion of existing areas or establishment of new areas identified in (1) and (2) by first applying UFD–P1 and UFD–P2, and outside the areas described in (1) and (2), allow for small scale retail and service activities, home occupations and community services to establish within or close to the communities they serve.
Policy UFD-P7	Rural Areas The management of rural areas: 1) provides for the maintenance and, wherever possible, enhancement of important features and values identified by this RPS, 2) outside areas identified in (1), maintains the productive capacity, amenity and character of rural areas, 3) enables primary production particularly on land or soils identified as highly productive in accordance with LF–LS–P19, 4) facilitates rural industry and supporting activities, 5) directs rural residential and rural lifestyle development to areas zoned for that purpose in accordance with UFD–P8, 6) restricts the establishment of residential activities, sensitive activities, and non-rural businesses which could adversely affect, including by way of reverse sensitivity, the productive capacity of highly productive land, primary production and rural industry activities, and 7) otherwise limits the establishment of residential activities, sensitive activities, and non-rural businesses to those that can demonstrate an operational need to be located in rural areas.
Policy UFD-P10	Criteria for significant development capacity 'Significant development capacity' is provided for where a proposed plan change affecting an urban environment meets all of the following criteria: 1) the location, design and layout of the proposal will positively contribute to achieving a well- functioning urban environment, 2) the proposal is well-connected to the existing or planned urban area, particularly if it is located along existing or planned transport corridors, 3) required development infrastructure can be provided effectively and efficiently for the proposal, and without material impact on planned development infrastructure provision to, or reduction in development infrastructure capacity available for, other feasible, likely to be realised developments, in the short-medium term, 4) the proposal makes a significant contribution to meeting a need identified in a Housing and Business Development Capacity Assessment, or a shortage identified in monitoring for: (a) housing of a particular price range or typology, particularly more affordable housing, (b) business space or land of a particular size or locational type, or (c) community or educational facilities, and 5) when considering the significance of the proposal's contribution to a matter in (4), this means that the proposal's contribution: (a) is of high yield relative to either the forecast demand or the identified shortfall,

Proposed Regional Policy Statement 2021	
Reference	**Detail**
	(b) will be realised in a timely (i.e. rapid) manner, (c) is likely to be taken up, and (d) will facilitate a net increase in district-wide up-take in the short to medium term.

Proposed District Plan

Chapter 3: Strategic Direction		
Reference	**Detail**	**Decision**
SO 3.2.1	The development of a prosperous, resilient and equitable economy in the District.	[2021] NZEnvC 29
SO 3.2.1.2	The Queenstown and Wānaka town centres are the hubs of New Zealand's premier alpine visitor resorts and the District's economy.	[2021] NZEnvC 29
SO 3.2.1.3	The Frankton urban area (including the Remarkables Park mixed use centre) functions primarily as a major commercial and industrial service centre, and provides community facilities, for the people of the Wakatipu Basin.	[2021] NZEnvC 29
SO 3.2.1.5	Local service and employment functions served by commercial centres and industrial areas outside of the Queenstown and Wānaka town centres, Frankton and Three Parks, are sustained.	[2021] NZEnvC 29
SO 3.2.1.6	Diversification of the District's economic base and creation of employment opportunities through the development of innovative and sustainable enterprises.	[2021] NZEnvC 29
SO 3.2.1.8	Diversification of land use in rural areas beyond traditional activities, including farming, provided that: a. the landscape values of Outstanding Natural Features and Outstanding Natural Landscapes are protected; b. the landscape character of Rural Character Landscapes is maintained and their visual amenity values are maintained or enhanced; and c. significant nature conservation values and Ngāi Tahu values, interests and customary resources, mare maintained.	[2021] NZEnvC 155
SO 3.2.1.9*	Infrastructure in the District that is operated, maintained, developed and upgraded efficiently and effectively to meet community needs and to maintain the quality of the environment.	*[subject to ongoing discussions]*
SO 3.2.2	Urban growth is managed in a strategic and integrated manner.	
SO 3.2.2.1	Urban development occurs in a logical manner so as to: a. promote a compact, well designed and integrated urban form;	[2021] NZEnvC 155

Chapter 3: Strategic Direction		
Reference	**Detail**	**Decision**
	b. build on historical urban settlement patterns; c. achieve a built environment that provides desirable, healthy and safe places to live, work and play; d. minimise the natural hazard risk, taking into account the predicted effects of climate change; e. protect the District's rural landscapes from sporadic and sprawling urban development; f. ensure a mix of housing opportunities including access to housing that is more affordable for residents to live in; g. contain a high quality network of open spaces and community facilities; and h. be integrated with existing, and proposed infrastructure and appropriately manage effects on that infrastructure.	
SO 3.2.3	A quality built environment taking into account the character of individual communities.	[2021] NZEnvC 155
SO 3.2.3.1	The District's important historic heritage values are protected by ensuring development is sympathetic to those values.	[2021] NZEnvC 155
SO 3.2.3.2	Built form integrates well with its surrounding urban environment.	[2021] NZEnvC 155
SO 3.2.4	The distinctive natural environments and ecosystems of the District are protected.	[2021] NZEnvC 155
SO 3.2.4.1	Development and land uses that sustain or enhance the life-supporting capacity of air, water, soil and ecosystems, and maintain indigenous biodiversity.	[2021] NZEnvC 155
SO 3.2.4.2	The spread of wilding exotic vegetation is avoided.	[2021] NZEnvC 155
SO 3.2.4.3	The natural character of the beds and margins of the District's lakes, rivers and wetlands is preserved, or enhanced where possible, and protected from inappropriate subdivision, use and development.	[2021] NZEnvC 155
SO 3.2.4.4	The water quality and functions of the District's lakes, rivers and wetlands are maintained or enhanced.	[2021] NZEnvC 155
SO 3.2.4.5	Public access to the natural environment is maintained or enhanced.	[2021] NZEnvC 155
SO 3.2.4.6	The values of significant indigenous vegetation and significant habitats of indigenous fauna are protected.	[2021] NZEnvC 155
SO 3.2.4.7	The survival chances of rare, endangered, or vulnerable species of indigenous plant or animal communities are maintained or enhanced.	[2021] NZEnvC 155

Chapter 4: Urban Development		
Reference	**Detail**	**Decision**
Objective 4.2.1	Urban Growth Boundaries used as a tool to manage the growth of urban areas within distinct and defendable urban edges.	Consent Order dated 20 August 2020
Policy 4.2.1.1	Define Urban Growth Boundaries, where required, to identify the areas that are available for the growth of urban settlements.	Consent Order dated 20 August 2020
Policy 4.2.1.2	Focus urban development primarily on land within and adjacent to the existing larger urban areas and to a lesser extent, within and adjacent to smaller urban towns and rural settlements.	Consent Order dated 20 August 2020
Policy 4.2.1.3	Ensure that urban development is contained within the defined Urban Growth Boundaries, and that aside from urban development within existing towns and rural settlements, urban development is avoided outside of those boundaries.	Consent Order dated 20 August 2020
Policy 4.2.1.4	Ensure Urban Growth Boundaries encompass, at a minimum, sufficient feasible development capacity and urban opportunities consistent with: a. the anticipated medium term demand for housing and business land within the District assuming a mix of housing densities and form; b. ensuring the ongoing availability of a competitive land supply for urban purposes; c. the constraints on development of the land such as its topography, its ecological, heritage, cultural or landscape significance; or the risk of natural hazards limiting the ability of the land to accommodate growth; d. the need to make provision for the location and efficient operation of infrastructure, commercial and industrial uses, and a range of community activities and facilities; e. a compact and efficient urban form; f. avoiding sporadic urban development in rural areas; g. minimising the loss of the productive potential and soil resource of rural land; and h. A future development strategy for the District that is prepared in accordance with the National Policy Statement on Urban Development Capacity	Consent Order dated 20 August 2020
Policy 4.2.1.5	When locating Urban Growth Boundaries or extending towns and rural urban settlements through plan changes, protect the values of Outstanding Natural Features and Outstanding Natural Landscapes.	Consent Order dated 20 August 2020
Policy 4.2.1.5a	When locating Urban Growth Boundaries or extending towns and rural settlements through plan changes to provide for urban development have particular regard to minimising significant adverse effects on the values of open rural landscapes.	Consent Order dated 20 August 2020
Policy 4.2.1.6	Review and amend Urban Growth Boundaries, as required, to address changing community needs, respond to monitoring evidence, or to enable appropriate urban development (having regard to Policy 4.2.1.4).	Consent Order dated 20 August 2020

<table>
<tr><th colspan="3">Chapter 4: Urban Development</th></tr>
<tr><th>Reference</th><th>Detail</th><th>Decision</th></tr>
<tr><td>Objective 4.2.2A</td><td>A compact and integrated, and well designed urban form within the Urban Growth Boundaries that:
a. is coordinated with the efficient provision, use and operation of infrastructure and services; and
b. is managed to ensure that the Queenstown Airport is not significantly compromised by the adverse effects of incompatible activities.</td><td>Consent Order dated 20 August 2020</td></tr>
<tr><td>Objective 4.2.2B</td><td>Urban development within Urban Growth Boundaries that maintains and enhances the environment and rural amenity and protects Outstanding Natural Landscapes and Outstanding Natural Features, and areas supporting significant indigenous flora and fauna. (From Policy 3.3.13, 3.3.17, 3.3.29)</td><td>Consent Order dated 20 August 2020</td></tr>
<tr><td>Policy 4.2.2.1</td><td>Integrate urban development with existing or proposed infrastructure so that:
a. urban development is serviced by infrastructure of sufficient capacity; and
b. reverse sensitivity effects of activities on regionally significant infrastructure are minimised; and
c. in the case of the National Grid, reverse sensitivity effects are avoided to the extent reasonably possible and the operation, maintenance, upgrading and development of the National Grid is not compromised.</td><td>Consent Order dated 20 August 2020</td></tr>
<tr><td>Policy 4.2.2.2</td><td>Allocate land within Urban Growth Boundaries into zones which are reflective of the appropriate land use having regard to:
a. its topography;
b. its ecological, heritage, cultural or landscape significance if any;
c. any risk of natural hazards, taking into account the effects of climate change;
d. connectivity and integration with existing urban development;
e. convenient linkages with public transport;
f. the need to provide a mix of housing densities and forms within a compact and integrated urban environment; .
fa the level of existing and future amenity that is sought (including consideration of any identified special character areas);
g. the need to make provision for the location and efficient operation of infrastructure and utilities, including regionally significant infrastructure;
h. the need to provide open spaces and community facilities that are located and designed to be safe, desirable and accessible;
i. the function and role of the town centres and other commercial and industrial areas as provided for in Chapter 3 Strategic Objectives 3.2.1.2 - 3.2.1.5 and associated policies; and
j. the need to locate emergency services at strategic locations.</td><td>Consent Order dated 20 August 2020</td></tr>
</table>

Chapter 4: Urban Development		
Reference	**Detail**	**Decision**
Policy 4.2.2.3	Enable an increased density of well-designed residential development in close proximity to town centres, public transport routes, community and education facilities, while ensuring development is consistent with any structure plan for the area and responds to the character of its site, the street, open space and surrounding area.	Consent Order dated 20 August 2020
Policy 4.2.2.4	Encourage urban development that enhances connections to public recreation facilities, reserves, open space and active transport networks.	Consent Order dated 20 August 2020
Policy 4.2.2.5	Require larger scale development to be comprehensively designed with an integrated and sustainable approach to infrastructure, buildings, street, trail and open space design.	Consent Order dated 20 August 2020
Policy 4.2.2.6	Promote energy and water efficiency opportunities, waste reduction and sustainable building and subdivision design.	Consent Order dated 20 August 2020
Policy 4.2.2.7	Explore and encourage innovative approaches to design to assist provision of quality affordable housing.	Consent Order dated 20 August 2020
Policy 4.2.2.8	The values of significant indigenous vegetation and significant habitats of indigenous fauna are protected.	Consent Order dated 20 August 2020
Policy 4.2.2.9	Ensure Council-led and private design and development of public spaces and built development maximises public safety by adopting "Crime Prevention Through Environmental Design".	Consent Order dated 20 August 2020
Policy 4.2.2.10	Ensure lighting standards for urban development avoid unnecessary adverse effects on views of the night sky.	Consent Order dated 20 August 2020
Policy 4.2.2.11	Ensure that the location of building platforms in areas of low density development within Urban Growth Boundaries and the capacity of infrastructure servicing such development does not unnecessarily compromise opportunities for future urban development.	Consent Order dated 20 August 2020

Affordable Housing and Queenstown Lakes Proposed District Plan

Issues and Options

June 2021

Project name:	QLDC Affordable Housing
Document reference:	Issues and options report
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Report prepared by:	David Mead
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Limitations:

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1 Executive Summary

The purpose of this Issues and Options report is to review the background to affordable housing needs in the Queenstown Lakes District, outline current policy to increase the supply of affordable housing, and identify possible new and/or additional methods under the Resource Management Act that could be incorporated into the Proposed District Plan.

Access to affordable housing is a major and long standing issue for the Queenstown Lakes District community. Constrained housing affordability has a range of social, economic and environmental consequences.

To date the Council has used a number of tools to increase access to affordable housing for low to moderate income households, including establishing and supporting the Queenstown Lakes District Community Housing Trust, as well as negotiating specific provisions requiring the transfer of land and/or housing to the Trust in district plan changes that rezone land from rural to residential.

The review of the district plan provides an opportunity to take a more comprehensive look at the links between the district plan and affordable housing. Inclusionary zoning (zoning rules that require a certain percentage of houses are sold at an affordable price in larger developments) are a common feature of many planning schemes in the US and UK. Australia has a number of examples that operate in metropolitan areas.

Evidence from Queenstown is that while ensuring an adequate supply of land for housing (greenfields and brownfields) is important to the overall operation of the housing market, this is not sufficient by itself to generate a supply of affordable housing. Feasible development capacity under the PDP is in excess of likely demand, yet house and land prices continue to escalate.

Council's powers under the Local Government Act to financially support affordable housing are limited. QLDC would likely face significant difficulties addressing the district's affordable housing issues through any of the mechanisms available to it under the LGA. Challenges arise from issues of legal scope (such as Development Contributions) or securing a long term mandate that can last through political cycles.

The Resource Management Act provides scope for an affordable housing policy to be applied to development, provided that the programme can be shown to be effective and efficient. Options range from a voluntary approach through to a mandatory requirement on all new residential development.

Any affordable housing provision must be tied back to the resource management issues facing the district, there must be some form of linkage or relationship between the proposed provision and effects generated by particular types or locations of development, while costs and benefits need to be considered.

The report recommends that a mandatory requirement be investigated in more detail. This could take the form of a targeted approach focusing on new residential subdivisions, or a broader based approach covering both greenfields brownfields areas.

2 Introduction

Access to affordable housing is a major and long standing issue for the Queenstown Lakes District (QLD) community. Constrained housing affordability has a range of social, economic and environmental consequences.

The Council and community have initiated a number of actions to promote and provide affordable housing, including establishing the Queenstown Lakes Community Housing Trust (QLCHT) and promoting a number of Special Housing Area developments which include affordable housing. A range of Resource Management Act (RMA)-based initiatives have also been used including various place specific plan changes and promoting more enabling District Plan provisions relating to residential zones.

It is generally acknowledged that addressing housing affordability must involve a wide range of actions. RMA-related actions can include enabling the supply of housing, but also (as demonstrated in a number of plan changes to the QLDC District Plan) a requirement on development to ensure delivery of a proportion of dwellings as affordable homes.

The cost of housing in the district continues to be the most unaffordable in New Zealand for a range of reasons, many of which would not be addressed through the provision of more land zoned for urban development. The Council has determined that the review of the QLDC District Plan (the 'PDP') provides an opportunity to assess what RMA approaches are justified and appropriate in helping to address the issue of access to affordable housing, in the specific local context of Queenstown Lakes district.

The purpose of this Issues and Options report is to review the background to affordable housing demand in the district, outline current policy, and identify possible new and/or additional tools under the Resource Management Act that could be incorporated into the PDP.

3 Affordability in context

This section briefly reviews previous and current assessments of housing affordability issues in the district.

Affordable housing is taken to mean housing where a low or moderate income household spends no more than 35% of gross income on rent or mortgage (principal and interest) repayments[1].

A lack of affordable housing has a range of social, economic and environmental consequences. These can be summarised as follows:

Social: reduction in social cohesion, stability due to churn in the community;

Economic: difficulty in attracting and retaining skilled workers to the area, high staff turnover;

Environmental:

- *pressure to address affordability by additional housing supply through urban expansion. The rezonings may affect landscapes and/or other environmental resources,*
- *displacement of housing demand to Central Otago District,*
- *additional traffic movements as workers commute from satellite areas such as Cromwell etc.*

3.1 HOPE Strategy

The 2005 QLDC HOPE Strategy[2] identified the long term issue of housing supply and affordability facing the district. It noted:

As the district develops and expands over the next 20 to 30 years, it will be important to build up a stock of affordable housing, so that when it becomes much more difficult to expand housing supply through zoning more land for urban development, a mechanism will be in place to offer affordable housing choices to residents.

A further important issue identified in the 2005 HOPE Strategy was how to retain, for the longer term, housing that is provided as affordable housing. There have been instances in the district where new housing subdivisions, promoted as being affordable, have been brought up by investors and prices have quickly escalated above what local, lower income households can afford. The Queenstown Lakes Community Housing Trust was identified as a key tool to ensure retention of affordable housing contributions.

[1] Mayoral Taskforce Report 2017: https://www.qldc.govt.nz/media/ybgfq15v/mayoral-housing-afforability-taskforce-report-october-2017.pdf

[2] 2005 HOPE Strategy: https://www.qldc.govt.nz/media/ayfhcet4/hope_affordable_housing_strategy.pdf

The following RMA-related issues were identified in the HOPE Strategy:

- *Lack of affordable housing undermining the long-term sustainable growth of the district*

  This issue relates to high market rental and home ownership costs making it increasingly difficult for median to low-income residents to find suitable accommodation in the district. This constraint has significant implications for the long-term social wellbeing of the district.

- *Adverse effects on the economic growth of the district from an inability to attract and retain a labour force.*

  Many employers in QLD, including tourism businesses and service providers like schools and police, are experiencing difficulty in attracting employees. Anecdotal evidence is that a particular problem occurs retaining middle level staff who are interested in buying a house in the area, but often compare house prices in the area with that available in other larger employment centres. The turnover of staff involved harms economic development.

- *Urban sprawl as market searches for lower cost land on fringes of settlements*

  A natural reaction of the marketplace to rises in land and house prices is to search for lower cost land on the fringe of settlements. In the case of the Queenstown / Wakatipu area, this approach conflicts directly with a desire to protect the outstanding and amenity landscape values of the area.

- *Increased impacts of transport as people travel longer distances*

  This relates to the issue of urban displacement, with lower cost housing locating in satellite towns, where people have to travel further to get to work. This has implications for both public and private transport infrastructure as well as adverse effects on the environment from the trips generated.

3.2 Plan Change 24

Plan Change 24 (notified in October 2007) introduced an affordable housing requirement into the Operative QLDC District Plan. In relation to affordable housing and the RMA, the Plan Change 24 Issues and Options report[3] noted the following:

[3] Community Housing / Affordable Housing: Proposed Plan Change 24 Issues and Options Report Prepared by Hill Young Cooper Ltd and Tricia Austin, University of Auckland December 2006: https://www.qldc.govt.nz/media/bexm3dzk/pc24_attachment_2.pdf

- Urban growth management policies (essential for sustainable management of the high quality natural environment in the district) limit the supply of land suitable for residential development. This pushes up land costs
- Commercial development increases local employment and hence the demand for housing, affordable to local workers, while market-rate residential development (often aimed at second home buyers and investors) also increases local employment demands and hence demand for housing, which is affordable to local workers
- The economic, social and environmental effects of an inadequate supply of affordable housing include impacts on businesses (difficulties with retaining skilled staff), community infrastructure (from high rates of turnover of people, reducing the strength of community networks and services) and the environment (from pressure for urban growth to expand into less costly, but more environmentally valuable, rural land)
- To date, market forces have not resulted in provision of an adequate supply of affordable housing
- Reducing rules and regulations to encourage greater market-provision of affordable housing would have to be extensive to produce enough affordable housing, and would result in additional adverse social, economic and environmental effects
- An urban containment strategy (which is necessary to avoid the adverse effects of development on nationally significant natural resources) has the potential to disable some people's economic and social wellbeing
- To ensure sustainable management of the district's resources, regulatory responses are needed to ensure that people and communities retain a range of options to provide for their wellbeing, within the overall framework of an urban containment strategy.

Plan Change 24 in the context of the RMA and PDP is discussed in more detail later in this document.

3.3 2017 Mayoral Taskforce

The 2017 Mayoral Taskforce on Housing Affordability[4] stressed the social/community effects of high house prices. It stated: *The lack of quality affordable housing is potentially the greatest challenge our District faces. If our communities are to thrive, prosper and grow in the future we need to be able to attract and appropriately house the key workers, families and even retirees who are the core of our communities[5].*

One recommendation of the Mayoral Taskforce was to explore mechanisms to achieve more affordable homes for the community through the District Plan, addressing what appears to be a failure of the market to deliver affordable housing (due partly to permanent structural features of this district) that cannot be addressed adequately by rezoning land alone. The QLDC Long Term

[4] Mayoral Housing Affordability Taskforce, Queenstown Lakes District October 2017

[5] Page 3, Ibid

Plan is also supportive of investigating ‘inclusionary zoning’ as a means to address access to affordable housing.

3.4 Previous planning tools

QLDC has used two primary tools to advance specific affordability goals, one under the RMA and the other associated with RMA planning under the now-expired Housing Accords and Special Housing Areas Act (HASHAA). These tools sit within a broader strategy of enabling supply through zoning changes.

3.4.1 Stakeholder agreements – private plan changes under the RMA

Stakeholder Agreements have been used by the Council to secure a portion of proposed new housing developments as an affordable housing contribution. These agreements are effectively voluntary agreements between the Council and the relevant landowner/developer and occur alongside a plan change process to rezone land for a higher density than the district plan otherwise allows.

To date the Council has reached agreement in 15 development areas in association with private plan changes. These are listed in table 2. The most common contribution rate is 5% of lots to be created. The outcome of these agreements only becomes enforceable if the plan change is approved and adopted by the Council, which is an entirely separate process. The agreement is binding to the land, to ensure that affordable housing contributions are secured, even if the development changes hands.

Table 1: Historic Affordable Housing Developer Agreement Deeds - May 2021

Status	Historic Stakeholder Deed	Basis for Calculation (%)	Result - Residential Units/Sections Provided	Units Provided as:
Developed and settled	Riverside Park – PC 12 (Wanaka)	5%	12	Land
Developed and settled	Peninsula Bay – PC 15 (Wanaka)	2%	7	Land
Developed and settled	Quail Rise ext /FF North – PC 37 (QT)	3%	1	Land
Developed and settled	Shotover Country – PC 41 (QT)	Negotiation	26	Land

Status	Historic Stakeholder Deed	Basis for Calculation (%)	Result - Residential Units/Sections Provided	Units Provided as:
Developed and settled	Northlake – PC 45	Negotiation	2	Land
Partially settled	Jacks Point (QT)	5%	36*	Cash
Partially settled	Kirimoko – PC13 (Wanaka)	5%	17	Land / House cash
Partially settled	Northlake (Hikuwai) – PC 45 (Wanaka)	Negotiation	10	Land
Still to come	Mt Cardrona Station – PC 52 (ex PC 18) (Wanaka)	5%	8*	Land
Still to come	Kingston Village – PC 25 (QT)	N/A; mixed use	12	Land
Still to come	Three Parks – PC 16 (Wanaka)	N/A; mixed use	40	Housing units
Still to come	Wanaka Industrial – PC 36 (Wanaka)	4%	4% of retail value of 9.7Ha site	Cash
Still to come	Ballantyne Investments – PC 4 (Wanaka)	Negotiation	11	Housing units
Still to come	Ballantyne Rd Industrial – PC 46 (Wanaka)	Negotiation	6	Land
Still to come	Northlake / Allenby Farms – PC 45 (Wanaka)	Negotiation	3	Land

* Estimated – final yield to be determined

Generally, the agreements provide for transferral of a percentage of land area involved in the development, or the provision of a number of developed units to the same value in lieu of land (or combination of the two). In each case the land or units are transferred to the Queenstown-Lakes Community Housing Trust, in accordance with the council's policy. The Housing Trust then administers these properties on an ongoing basis.

In some of these agreements the Council seeks to ensure that sites are scattered throughout the development, and not concentrated in one location.

It is notable that since the Plan Change 24 provisions were scaled back in 2013 as part of the resolution of appeals, the number of stakeholder agreements has reduced.

3.4.2 Special Housing Areas

Special Housing Areas under the HASHAA 2013 is another example of an affordable housing requirement associated with RMA processes. Special Housing Areas sped up the consenting processes for identified residential developments and limit appeal rights. In return for this 'benefit' there was an expectation that some form of more affordable housing will be offered.

Council's policy on Special Housing Areas[6] notes:

> *As guidance, the Council considers at least 10% of the residential component of the development by developed market value or by area (depending on the nature of the development) is identified for affordable housing.*

The Policy further states that Council expects landowners and developers to identify appropriate mechanisms to ensure that housing developed in a special housing area addresses the district's housing affordability issues. An appropriate mix of housing is necessary in the district, including housing for owner-occupiers, first home buyers, and accommodation for workers. Examples of mechanisms to achieve affordability may include:

- a range of appropriately sized sections (including smaller sized sections of 240-400m^2);
- a mixture of housing typologies and sizes is also desirable;
- the nature of any covenants (or similar restrictions) imposed on sections;
- methods to reduce property speculation of vacant sections; and
- methods to retain affordability in the medium to long term.

Housing developed in special housing areas are expected to not be used solely for visitor accommodation and landowners and developers should identify an appropriate legal mechanism for securing this outcome.

The Council's lead policy reflects experience with the district's first Special Housing Area – Bridesdale Farm. Media reports state that sections in Bridesdale Farm (beside Lake Hayes Estate) were initially released to market in January 2015, with some sections as low as $80,000, and a 'section plus house' price tag of around $450,000. By July 2018, it was reported that homes in Queenstown's first special housing area were selling for as much as $890,000[7].

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[6] Housing Accords and Special Housing Areas Act 2013 Implementation Policy https://www.qldc.govt.nz/media/g3kfzufn/hashaa-implementation-policy-lead-policy-updated-8-aug-2019.pdf

[7] https://www.odt.co.nz/regions/queenstown/prices-soar-800k-average

Eight Special Housing Areas have been approved by the Government and consented by the Council. The table below lists the approved Special Housing Areas and their agreed contribution rates.

Table 2: SHA deeds – May 2021

Status	Stakeholder Deeds	Basis for Calculation (%)	Result - Residential Units/Sections Provided	Units Provided as:
Developed and settled	Shotover Country SHA (QT)	Negotiation	1	Land
Developed and settled	Bullendale SHA (QT)	House and land package - cash negotiation		Cash
Developed and settled	Onslow Rd SHA (QT)	5%	1	Land
Developed and settled	Queenstown Country Club SHA (QT)	5%	12	Land
Partially settled	Arrowtown Retirement Village SHA (QT)	3% of valuation of consented land		Cash
Still to come	Tomasi SHA (QT)	10%	9*	Land
Still to come	Hāwea SHA (Wanaka)	12.5%	58*	Land
Still to come	Coneburn SHA (QT)	12.5%	60*	Land

* Estimated – final yield to be determined

The affordable units produced through HASHAA and the QLDC SHA policy are passed to the Queenstown Lakes Community Housing Trust to develop and manage. The Trust works with developers to ensure that the housing created is located throughout developments and are of a scale and style that are contextual.

HASHAA 2013 expired in September 2019 and was not renewed by the government. This means there will be no further developments (or affordable housing contributions) agreed using this mechanism going forward.

3.5 Current State

The issues identified in the HOPE Strategy, Plan Change 24 and the Mayoral Taskforce remain current today and if anything, are becoming more acute. While the Covid-19 pandemic has modified the district's short term outlook as the result of reduced rates of inward migration to the country (which has lowered population growth rates) and limited the numbers of overseas visitors, the medium to long term picture remains one of the district being a popular visitor destination and as a place to live.

The graphs below show the basic dilemma faced by the district in terms of housing costs and housing supply. The first graph below shows the median sale price for dwellings in the district.

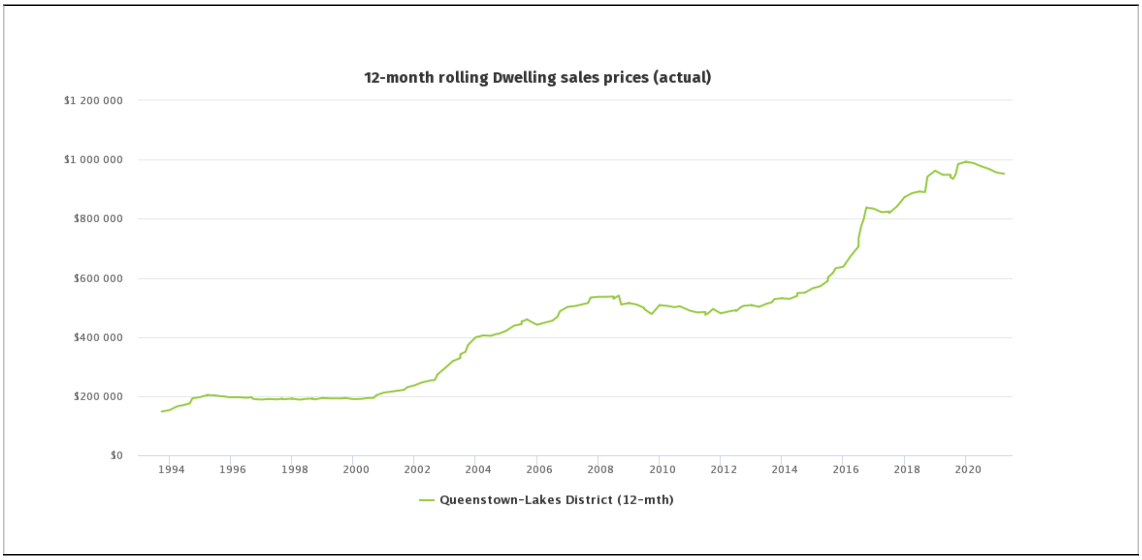

Figure 1 MBIE data: Median house prices

2021 sales data indicates that median sales prices for dwellings remain above the one million dollar mark in QLD. This is despite the effects of Covid and an apparent fall in rents.

It is often contended that an undersupply of dwellings relative to demand is the cause of high house prices. The long-term solution is usually identified to be ensuring that infrastructure ready land supply is responsive to demand – this requires much better use of flexible planning regulations, more upfront infrastructure investment and deterring land banking.

The second graph (Figure 2 below) shows the relationship between population growth and supply of residential dwellings, for QLD, as estimated by MBIE[8]. The graph tracks building permits (solid line) and estimated population growth (dashed line). On top of resident demand, is demand for holiday homes and second homes.

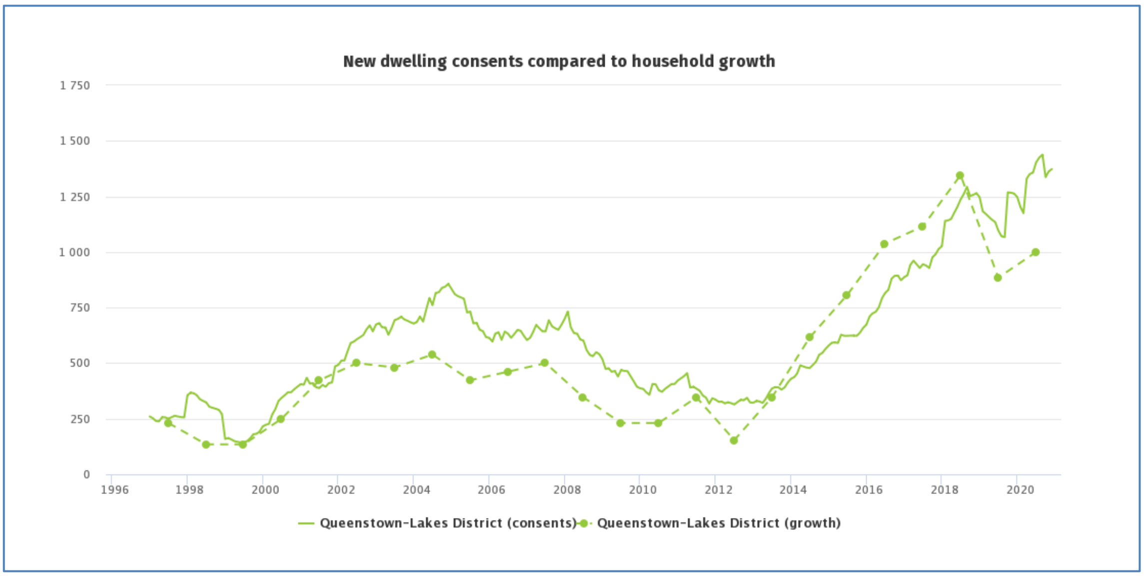

Figure 2: MBIE data: Building permits issued (solid line) compared to estimated household growth (dashed line)

The graph indicates that there is no 'undersupply' of dwellings; if anything, there was a potential over supply during the mid-2000s. From 2014 supply may have lagged demand as the region (and New Zealand) experienced a surge in growth. However, the district's housing market has responded to this surge in demand from the early 2010s with a steep increase in house building.

The data suggests that constrained supply of houses has not been the major cause of high house prices.

Rental data provides a picture of demand for housing as a place to live, rather than housing as a form of asset. Rental data collected by MBIE for 2021 places median rents in the Queenstown area at $500 per week, and in Wanaka at $571[9]. In Queenstown, media reports suggested that (pre covid), a three bedroom dwelling may have rented for $750 per week.

Figure 3 shows the increase in mean rents from 1993 to 2020 for QLD and other urban areas in the South Island. Pre covid, there is a clear difference between QLD and the other urban settlements in terms of rents, suggesting high demand in QLD relative to supply.

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[8] Sourced from: https://huddashboards.shinyapps.io/urban-development/#. Note the dashboard website states that estimates of recent population growth have a range of uncertainties associated with them.

9 https://www.tenancy.govt.nz/rent-bond-and-bills/market-rent/

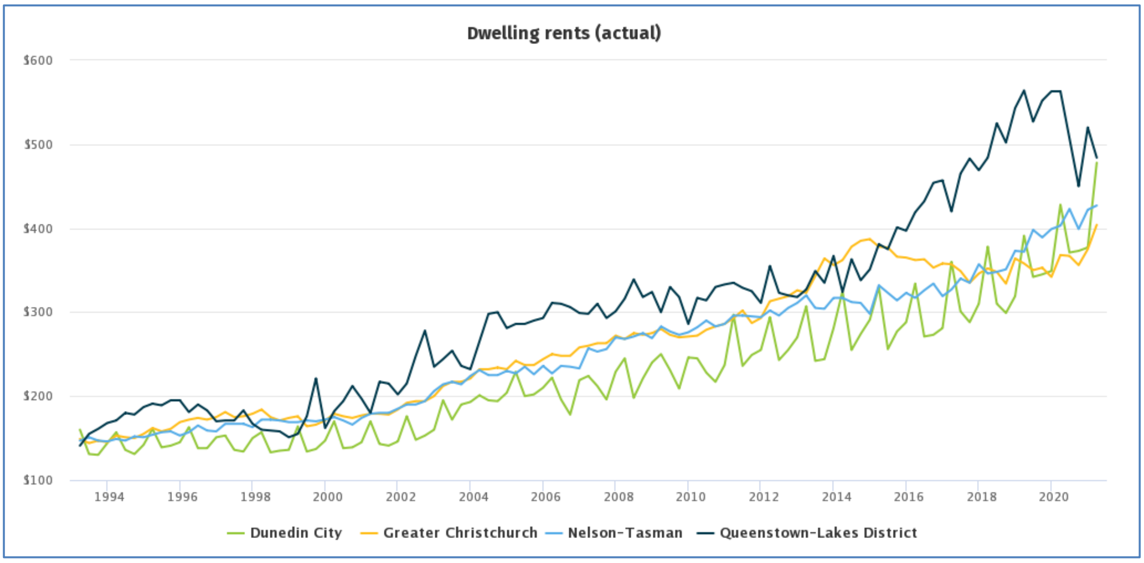

Figure 3: Mean Weekly Rents – QLD compared to other South Island Urban Areas

The apparent limited supply of housing for rent relative to demand may reflect a large number of rental properties that were directed at the short term rental market (covering visitors and sesonal workers). Economic evidence provided during the district plan review process found that " In 16 months, from October 2016 to February 2018, Airbnb activity is estimated to have grown by anything up to 85%, with much of the growth occurring in Low Density Residential zones"[10] The reduction in rental levels in 2020 may reflect the lower demand for short term lets arising from Covid 19, and hence a balancing of supply and demand.

While house prices and rental values are high, household incomes in QLD are also relatively high. Between 2013 and 2018 there was a large increase in the number of households in the upper income bands. The number of households in middle income bands ($50,000 to $100,000) remained much the same. See Figure 4.

[10] economic-evidence-for-visitor-accommodation-s2239-qldc-t15-heyes-r-evidence-30909970-v-1.pdf, at page 4.11

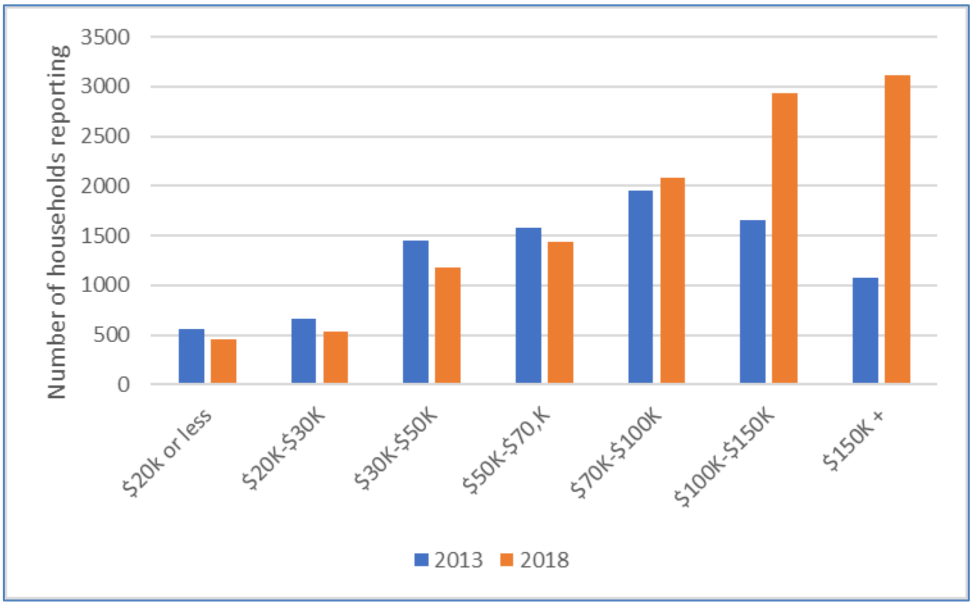

Figure 4: Household income 2013 and 2018, QLD

The data suggests that the district attracts relatively high income households which may also explain some of the high house prices in the area.

Median gross household income for QLD was $73,300 per annum at the 2013 census; rising to $103,100 in 2018[11]. A 2020 estimate of median household income may be $110,000, To maintain no more than 35% of median gross income being spent on housing, median rents need to be in the order of $740 per week, while median house prices should be in the order of $660,000, based on current interest rates and bank lending criteria[12].

At 80% of median income (which would include around 4,000 households), these figures are approximately $590 for rent and $530,00 for purchase (assuming that the deposit can be provided).

[11] 2018 census. The total household income variable is rated as moderate quality by Stats NZ

[12] Based on Westpac NZ calculator, assuming two adults and two dependents, normal outgoings and no other debt; 20% deposit.

4 Queenstown Lakes housing markets

This section briefly reviews the specific characteristics of the QLD housing market.

4.1 QLD housing capacity

At the time of writing, a new housing strategy (The Homes Strategy) and a housing capacity assessment are being prepared by the Council. The Council is also preparing a Spatial Plan (under the Local Government Act).

A 2017 Housing Development Capacity Assessment[13], prepared under the then National Policy Statement on Urban Development Capacity (NPS-UDC)[14], concluded that the total housing capacity in the district plan is well in excess of projected housing demand, in the short, medium and long-term. This includes allowance for the margins required by the NPS-UDC and assessment under a medium and high growth outlook (which spans Council's recommended growth projection).

District wide, under a high growth scenario, there is demand for 27,200 dwellings to 2046. Feasible capacity (over the long term) is assessed at 49,900 dwellings.

However, when broken down into house price bands, there is an imbalance between demand and supply at more affordable price levels. The assessment states that "in common with other parts of New Zealand, there will continue to be a shortfall in lower value/affordable dwellings; specifically, property values of under $600,000, which coincides with the Governments' KiwiBuild Strategy"[15].

Net shortfalls are identified in the five lowest dwelling value bands, representing 2,460 dwellings in total, as follows:

Table 3: Demand and supply of lower priced dwellings

Dwelling value band	Potential supply	Demand (2046)	Shortfall
Under $300k	280	350	70
$300K to $440K	1,230	1,620	390
$440K to $580K	2,320	3,430	1,110
$580K-$730K	4,580	5,190	610
$730K to $880K	4,660	4,940	280

If $580,000 is taken as an affordability threshold, then the shortfall is around 1,500 dwellings.

These capacity, demand and shortfall estimates are based on a wide range of assumptions relating to population growth, house values and incomes.

[13] Housing Development Capacity Assessment 2017 Queenstown Lakes District 27th March 2018 – draft final: https://www.qldc.govt.nz/media/g1el5203/housing-capacity-assessment-2017.pdf

[14] The 2016 NPS-UDC was replaced with the National Policy Statement on Urban Development (NPS-UD) in 2020.

[15] Page 264, Ibid

It is noted that while a shortfall in lower value / affordable dwellings is indicated, the shortfall is relatively small in the short and medium-terms but grows substantially in the longer term.

The shortfalls are based on ownership of houses being the preferred method of occupancy. The above calculations do not take into account rental levels and rental supply. Neither do they assume a supply of state (social housing).

The capacity assessment goes on to state:

QLDC has relatively high property values – a product of its popularity as a holiday and investment location and its relatively rapid growth. This combination of features means that increasing the supply of dwellings in the lower value bands (e.g., under $600,000) will take specific effort and initiatives to make development of such dwellings feasible. Further supply of land or density provisions, where already expansively available, are therefore unlikely in and of themselves to increase the rate of take-up unless these are targeted to the lower spectrum of the housing where it has been determined that there are shortages in supply. Encouraging and enabling such initiatives to complement the broad-brush mechanisms like zoning and development controls in the District Plan, will be important to help ensure a comprehensive and balanced future dwelling estate.

An updated Housing and Business Capacity report is currently being prepared in line with the 2020 National Policy Statement – Urban Development (NPS-UD) requirements and will further inform housing capacity information.

4.2 Specific market conditions

There are a number of reasons why land and house prices are high, even with substantial capacity enabled by the district plan. QLD specific factors that are likely to influence (reduce the effectiveness) of normal market supply responses to high house prices are:

- Much of the District's housing estate has been developed in the last 25 years, limiting options for redevelopment
- The district has a high proportion of holiday / second homes, while fast growth in property values attracts investors. These types of owners may be more attracted to on-going capital gains via land value increases than via redevelopment
- While household incomes can be high (equal to metropolitan centres), a large percentage of the workforce is engaged in tourism and construction which generally has medium to lower income jobs
- There is a large seasonal and transient workforce, while the large number of visitors, coupled with the rise of 'AirBnB' type services means that housing stock can be profitably directed to these markets, rather than permanent workers / residents
- Construction costs are (likely) to be high, due to relative isolation
- Extensive areas of the district have been determined by to be outstanding natural landscapes and features in the current district plan review[16]. The RMA requires Outstanding Natural

[16] Approximately 97% of the district: Helen Melsop EC evidence 2019a

Landscapes (ONLs) and Outstanding Natural Features (ONFs) to be protected from any subdivision and development which adversely affects their values.

- Much of the land that is not included in ONLs and ONFs still has high landscape values, such as the Wakatipu Basin. There is a strong desire to retain a sense of openness to the landscape and to retain discrete clusters of development.

These factors, combined with the landscape issues present in the district, suggest that there is a need for additional housing affordability tools to those currently applied at a national level.

Furthermore, there is growing evidence that measures to increase supply of housing (such as the recently introduced National Policy Statement on Urban Development[17]) need to be accompanied by targeted measures that direct a proportion of new housing towards the needs of low to moderate income households. For example, in discussing supply-based approaches to tackling housing affordability, a recent report[18] concluded that emphasising new market rate housing is a necessary condition to address affordability issues, but not sufficient by itself. Some form of public intervention (such as well-designed Inclusionary Zoning programmes) are needed to ensure that supply is added at prices affordable to a range of households.

QLD's experience with Special Housing Areas backs up this conclusion.

In addition, a range of commentators have noted that there are significant infrastructure funding issues at play in enabling significant supply ahead of demand such that land prices reduce substantially. The size of building companies, a constrained local labour market, the remote location and other factors can limit the ability of developers to provide housing at speed and in quantities that provide economies of scale. Others have noted that housing developers may not wish to supply affordable product, even if they had the option to do so. The extensive use of restrictive covenants can be an example of this preference to exclude some types of housing from developments.

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[17] The NPS-UD will be addressed in the Section 32 report.

[18] Supply Scepticism: Housing Supply and Affordability. NYU Furman Centre, September 2018.

5 Affordable housing and planning

The Council previously sought to address housing affordability in RMA terms by way of Plan Change 24. Plan Change 24 was prepared under the RMA but was developed at a time of some central Government policy support for affordable housing requirements. In particular the Affordable Housing: Territorial Enabling Act 2008 was in force. That Act provided scope for Councils to introduce RMA –related provisions, based on analysis of housing need.

In contrast, the main focus of recent national planning policy (such as the NPS-UD and the former Special Housing Areas legislation) has been to tackle high house prices through reducing barriers to the supply of new housing (a so called supply-side response).

This approach is in part a response to concerns that commonly applied ‘compact city’ strategies constrain the ability of cities to grow both ‘out’ and ‘up’. In particular, while there may be sound reasons to limit some forms of urban expansion, the corollary of enabling alternative supply through additional intensification opportunities (going ‘up’ rather than ‘out’) is often only partly implemented. Thus, housing markets face constraints in terms of both expansion and intensification. In this context, unnecessary barriers to more housing supply should therefore be removed.

While on one level the criticism of inadequate supply responses is often valid, the extent to which additional supply will address housing affordability for low to moderate income households is unclear.

It is acknowledged that a planning-based affordable housing programme will not ‘solve’ the housing issues facing the district by itself. There is however substantial evidence that an appropriate programme will assist in helping the district to provide housing for low to moderate income households in a way that does not inhibit a wider supply response.

5.1 Mountain resorts and affordable worker housing

The HOPE Strategy and Plan Change 24’s section 32 report noted a number of international examples where a range of planning tools are used by ‘resort towns’ to address specific issues relating to affordability. These towns typically face environmental and/or landscape constraints that limit housing supply options, while experiencing strong economic growth pressures from tourism and visitor growth driven by the areas’ landscape values.

A range of North American mountain resorts use Linkage zoning as a method to provide ‘worker accommodation” – that is, accommodation aimed at low to moderate income workers that tourism orientated businesses rely on. Linkage zoning is based on the amount and type of employment to be provided by new development. Often the Linkage zoning requirement results in payment of a “mitigation fee” based on the expected number of lower income jobs to be created. That fee then goes to an affordable housing provider. Jobs-housing linkage fees have been established in Aspen, Whistler and other mountain resort towns.

Linkage zoning was proposed in PC 24. However, it did involve relatively complex provisions relating to estimating the amount and type of employment to be generated by new business developments, and the associated contribution rate. To be sustained, Linkage zoning requires extensive studies to gauge appropriate fees and to determine the ratio of employees to business floor area, for example. Jobs-housing linkage fees are useful when areas are considerably built out for residential, or when commercial development is outpacing residential development.

5.1.1 Resort Municipality of Whistler, BC, Canada

The Resort Municipality of Whistler has a Consolidated Employee Housing Service Charge Bylaw 2000, which is used by the municipality to support development of employee housing in Whistler. The Bylaw requires all new commercial and industrial development, and residential development subject to a rental pool covenant, to pay a charge as a contribution to employee housing. Charges collected through this bylaw help fund the Municipalities Employee Housing Reserve which is used for purposes directly or indirectly related to employee housing services.

Under the Bylaw, the charge is $5,908 per new employee. The number of employees is calculated as 1 employee per 250sqm for industrial development; 0.2 employees per guest room for residential development subject to a rental pool covenant; and 1 employee per 50sqm for commercial or any other development not listed.

5.1.2 Aspen and Pitkin County, Colorado

The Aspen Pitkin County Housing Authority operates under an intergovernmental agreement between the City of Aspen and the Board of County Commissioners of Pitkin County. The Authority has a set of guidelines used to facilitate the provision of affordable housing opportunities through rental and sale to persons who are or have been actively employed or self-employed within Aspen and Pitkin County.

Affordable housing is provided through new construction and conversion of existing dwelling units by the City of Aspen, Pitkin County and private sector property developers. Private sector developers are required to include an approved affordable housing component in all development projects or satisfy requirements through mitigation. For example, under the City of Aspen Land Use Code, free-market residential development must provide affordable housing in an amount equal to at least thirty percent (30%) of the additional free-market residential net liveable area developed. Mitigation options include conversion of an existing free market dwelling to a deed-restricted affordable housing; the payment of a ‘fee-in-lieu’ or an ‘impact fee’ by the developer; construction of deed-restricted units within a free market housing development; or offering a vacant property to the City of Aspen or Pitkin County, known as ‘land in lieu’. [19]

The City of Aspen also has an Affordable Housing Zone. In the Zone, the developer can exceed the quota of allocated units but must provide a mix of at least 70% deed-restricted units to 30% maximum market rate units. Deed restricted units are meant to be occupied by workers– so there is a maximum vacancy period between tenants of 45 days.

5.1.3 Town of Vail and Eagle County, Colorado

In the 1990s the Town of Vail implemented Linkage zoning which required the developers of ski resorts and other large employers to provide a certain number of affordable housing units for their employees. The Commercial Linkage code (adopted in April 2007) requires all new commercial development and new net commercial redevelopment to mitigate employee housing demands at a

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[19] https://www.apcha.org/DocumentCenter/View/1225/APCHARegulationsFINAL20200319?bidId=

Accessed June 2021

rate of 20% of the new net employees That is, each commercial development or redevelopment has to provide employee housing units for twenty percent (20%) of the employees generated by the development. For example, for a development proposing 2,500 square feet of new net floor area for an eating and drinking establishment, 16 new employees are generated, based on formulas set out in the Linkage Code. 16 new employees generated times by 20% equals 3 employees to be housed.

For all new construction (i.e., development that does not affect any existing buildings or structures) and demolition / rebuild projects that result in a mitigation requirement of 1.25 employees or greater, at least one-half of the employee housing required by the Code has to be on-site units. Otherwise, units may be off-site. In some cases, a cash in lieu option is available.

Inclusionary Zoning (adopted April 2007) requires every residential development and redevelopment to mitigate its direct and secondary impacts on the town by providing employee housing at a mitigation rate of ten percent (10%) of the total new gross floor area. That is, a 5,000 square foot residential development has to provide 500 square foot of employee housing. As with Linkage zoning, at least half the floor space has to be provided within the development. An applicant may provide a payment of fees in lieu only for any fractional remainder of the requirement generated under this requirement, totalling less than forty (40) square metres of floor area. The town uses monies collected from the fees in lieu only to provide incremental new employee housing units[20].

5.2 Metropolitan approaches

A wide range of metropolitan cities have introduced affordable housing requirements. They most commonly apply forms of Inclusionary zoning. Inclusionary zoning is more broadly based than Linkage zoning and seeks to enable general community well-being through mixed communities. It is aimed at all types of low to moderate income households having options to live in most neighbourhoods across the district. Typically, Inclusionary zoning requires that a set percentage of new homes be sold at an 'affordable' price, with the price determined by reference to median household incomes in the relevant city or region. This option potentially better fits with QLDC's past/current practice under the SHA process, and is easier to administer and implement, but is technically more complex to justify under the RMA, in that there is less of a nexus between an 'effect' and a method of mitigation.

An Australian Housing and Urban Research Institute report: 'Inquiry into increasing affordable housing supply: Evidence-based principles and strategies for Australian policy and practice'[21], notes that metropolitan planning systems are increasingly been used to generate a supply of affordable housing.

The report identifies that land costs and the ability to access land appear to make the greatest impact on overall feasibility for individual affordable housing projects in capital cities—which has implications for the use of public land and discounted private land (via inclusionary planning approaches) as a key component of affordable housing production. The report states that there is scope to increase the use of mandatory inclusionary planning mechanisms in high growth residential areas of metropolitan and potentially regional Australia. These mechanisms should be

[20] https://www.vailgov.com/departments/housing/housing-regulations

[21] Australian Housing and Urban Research Institute, May 2018. AHURI report number 300. ISN 1834-7223.

targeted to local market conditions and designed to work in conjunction with planning incentives which support and encourage overall housing supply[22].

The report identifies the following[23]:

> **What have been the outcomes of planning system approaches to boost affordable supply or overcome development barriers?**
>
> *Inclusionary planning tools leverage significant quantities of affordable housing supply in many parts of the UK and US. Around 43 per cent of total affordable housing output (12,866 units) was delivered through inclusionary planning requirements in England between 2015–2016, and inclusionary housing schemes apply to more than 500 cities across the United States.*
>
> *Inclusionary planning for affordable housing remains limited in Australia. However, South Australia (SA) delivered 5,485 affordable rental and low cost home ownership dwellings between 2005–2015 through an inclusionary planning target applying to new residential areas, amounting to around 17 per cent of SA's total housing supply.*
>
> *In New South Wales (NSW), a planning incentive scheme introduced in 2009 has yielded around 2,000 affordable rental dwellings in Sydney, equivalent to less than 1 per cent of the city's total supply over the period. Planning concessions to enable more diverse and lower cost housing development, such as accessory dwellings ('granny flats') and boarding houses (small rental units sized at around 12 square metres) have produced a greater supply response (around 11,000 accessory dwellings and at least 2,280 boarding house 'rooms').*
>
> *There is significant potential to expand the use of inclusionary approaches in Australia as a means of integrating affordable homes within wider planning and development processes. However, approaches must be tailored to local market conditions.*
>
> *Inclusionary planning approaches should never be seen as an alternative source of funding for social and affordable rental housing provision.*

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[22] Page 5, Ibid

[23] Page 2, Ibid

6 Non RMA Options

This part of the report looks at the high level options available to the Council to progress the provision of affordable housing under the Local Government Act (LGA); that is implement an objective of increasing the supply of affordable housing using tools other than the RMA.

6.1 Local Government Act

Under the Local Government Act (LGA), the Council has a range of powers it can use to advance the social, economic and cultural wellbeing of the district. This includes the direct provision of social housing, as well as raising funds to support other agencies to deliver affordable housing through grants and loans. To date the QLDC Council has been using a range of tools to support the provision of affordable housing. The Council has established the Queenstown Lakes District Housing Trust and provided funds through cash grants and transfer of land, for example.

The following briefly reviews the extent to which Council could more comprehensively use its powers under the LGA to enable a larger supply of affordable housing. In particular are its powers to raise revenue through rates and to levy Development Contributions. See Attachment 1 for a fuller discussion of these tools.

6.1.1 General or targeted rates

Under the Rating Act, the Council has flexible powers to set, assess, and collect rates to fund local government activities. An activity could include the construction and management of affordable housing.

While technically feasible, the Council would need to identify the activity in its Long Term Plan so as to justify any rate.

Council is under pressure to fund a wide range of activities, with a strong emphasis on infrastructure expansion and renewals and so the amount of funding that could be generated by rates (general or targeted) is likely to be limited.

Since rates are set each 3 year cycle, there is always a risk that rates collected for provision of affordable housing will not be seen to be a 'core' function of Council, and the revenue stream may be reduced or curtailed. This would create a degree of uncertainty over future revenue streams and is likely to limit the extent to which Council and or the Housing Trust may borrow to fund capital projects.

6.1.2 Development contributions

Council can levy new development a monetary contribution to the expansion of infrastructure and services. The contribution is to help pay the growth related costs of reserves, network infrastructure and community infrastructure. Development contributions become payable on the granting of any of the following:

- resource consent;
- building consent;
- consent by a local authority to connect to a service.

Development Contributions can only be imposed in accordance with a development contribution policy set out in the Council's Long Term Plan. Affordable housing is not within the definitions of community or network infrastructure. Accordingly, QLDC has no power to require development contributions to address housing affordability issues in its district.

6.1.3 Partnerships, advocacy

Council could enter to partnerships with other agencies, such as central government, and/or other community housing organisations that supply affordable housing. While beneficial, the experience of such partnerships is that they are often time limited or temporary in their nature. For example, the Government introduced the Housing Innovation Fund (HIF) in 2003 to support the growth of third sector social housing in New Zealand. Through HIF, third sector social housing providers were able to receive suspensory loans or conditional grants for the purposes of building social housing. In 2010, as part of the wider social housing reform programme changes, the Government stopped issuing new HIF loans.

6.1.4 Discussion

Council's powers under the LGA are limited. QLDC would likely face significant difficulties addressing the district's affordable housing issues through any of the above mechanisms. Challenges arise from issues of legal scope (such as Development Contributions) or securing a long term mandate that can last through political cycles.

7 Developing an RMA tool

The following section discusses whether an affordable housing requirement can be an RMA method. To do so, the following points are relevant:

- Would an affordability requirement of some form fall within the scope of Council's powers under the RMA?
- Any affordable housing provision must be tied back to the resource management issues facing the district
- There must be some form of linkage or relationship between the proposed provision and effects generated by particular types or locations of development.
- Costs and benefits need to be considered.

7.1 Council's powers under the RMA

7.1.1 Plan Change 24

Plan Change 24 to the QLDC Operative District Plan sought to introduce a consistent and comprehensive framework for affordable housing, following a number of plan change specific provisions. The plan change established a basis for housing affordability to be recognised as an issue that could be addressed via the RMA and proposed a specific method. While the final form of Plan Change 24 following appeals removed the method, the relevance of Plan Change 24 is the Court decisions on whether the plan change was 'within scope' of the RMA.

Plan Change 24 was the subject of appeals to the Environment Court and the High Court (2010). These decisions established that an affordable housing requirement (of some form) can be a matter that is included in RMA plans. This is on the basis that a requirement can fall within the terms of section 72, section 31 and Part 2 of the RMA.

Section 72 sets out that the purpose of the preparation, implementation, and administration of district plans is to assist territorial authorities to carry out their functions in order to achieve the purpose of this Act.

In turn, this requires two matters to be considered: the functions of territorial authorities under s 31; and, secondly, the purpose of the Act under Part 2, particularly s 5.

As of 2010, Section 31 (1) (a) and (b) set out the functions of councils: Councils are to establish integrated management of effects of development and to control any actual or potential effects.

The 2010 High Court decision identified that affordable housing requirements can fall within the scope of these sections. Specifically, it was noted that Plan Change 24:

Concerns a perceived effect of the future development of land within the district. However, the requirement to provide affordable housing will only arise if the development is construed as having an impact on the issue of affordable housing (in terms of an assessment under Appendix 11). Thus, the requisite link between the effects and the instrument used to achieve integrated management exist.

Consequently, if the use or development of land within the Queenstown Lakes district has the effect, or potential effect, of pushing up land prices and thereby impacting on affordable housing within the district, the Council has the power to control those effects through its district plan, subject, of course, to the plan ultimately withstanding scrutiny on its merits.

In relation to Part 2 of the RMA, the decision stated:

PC24 promotes the sustainable management of land and housing, enabling people to provide for their wellbeing while also remedying or mitigating the effects of constrained land use. In other words, (the Environment Court) was satisfied that PC24 came within the statutory concept of sustainable management. Significantly in the present context, the statutory concept of sustainable management expressly recognises that the development of physical resources, such as land, might have an effect on the ability of people to provide for their social or economic wellbeing. The concept of social or economic wellbeing is obviously wide enough to include affordable and/or community housing.

The High Court noted that Section 32 is also relevant, but they were not asked to determine whether the plan change met the substantive tests set out in that section.

7.1.2 Recent RMA amendments

It should be noted that the Plan Change 24 High Court decision was delivered in a policy environment that preceded Special Housing Areas and the NPS-UD. Since the decision, section 31 of the RMA has been amended to directly refer to a function of district plans being to ensure sufficient supply of development capacity to meet housing demands, while section 74 now directly refers to the need for district plans to be prepared in accordance with national policy.

At its highest level the RMA sets out that the purpose of this Act is to promote the sustainable management of natural and physical resources.

In the 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 well-being and for their health and safety while:

- sustaining the potential of natural and physical resources (excluding minerals) to meet the reasonably foreseeable needs of future generations; and
- safeguarding the life-supporting capacity of air, water, soil, and ecosystems; and
- avoiding, remedying, or mitigating any adverse effects of activities on the environment.

The reference to the use of resources 'in a way, and at a rate' which enables communities to provide for their social and economic needs suggests scope to 'allocate' resources to particular ends.

Two recent changes to RMA-related documents suggest that there is further scope to address affordable housing as part of planning documents.

The RMA itself (section 31) was amended in 2017 by expanding the functions of councils to include:

> *the establishment, implementation, and review of objectives, policies, and methods to ensure that there is sufficient development capacity in respect of housing and business land to meet the expected demands of the district.*

The 2020 National Policy Statement on Urban Development (NPS UD)[24] has a focus on well-functioning urban environments, this objective is couched within the broader objectives relating to sustainable management. Relevant is Objective 1:

> *Objective 1: New Zealand has well-functioning urban environments that enable all people and communities to provide for their social, economic, and cultural wellbeing, and for their health and safety, now and into the future.*

Policy 1 fleshes out what is a well-functioning urban environment:

> *Planning decisions contribute to well-functioning urban environments, which are urban environments that, as a minimum:*
>
> *(a) have or enable a variety of homes that:*
> *(i) meet the needs, in terms of type, price, and location, of different households; and*
> *(ii) enable Māori to express their cultural traditions and norms;*
> *(b) have or enable a variety of sites that are suitable for different business sectors in terms of location and site size; and*
> *(c) have good accessibility for all people between housing, jobs, community services, natural spaces, and open spaces, including by way of public or active transport; and support, and*
> *(d) limit as much as possible adverse impacts on, the competitive operation of land and development markets; and*
> *(e) support reductions in greenhouse gas emissions; and*
> *(f) are resilient to the likely current and future effects of climate change.*

The reference in Policy 1 to meeting the needs of different households in terms of 'price' brings in the issue of affordability (rental and ownership affordability).

It is also relevant that Objective 2 refers to planning decisions improving housing affordability by supporting competitive land and development markets as one way to improve choices for low to moderate income households. However, the NPS does not limit affordability measures to the one action of competitive markets.

In summary, the RMA is a flexible statue that allows for a range of local interpretations of what constitutes sustainable management. In making choices as to how to implement sustainable management, efficient land and housing markets are important, but these outcomes need to sit alongside and be integrated with environmental outcomes.

The following sections review the links between affordable housing and the RMA issues facing the district, the linkages to effects of development and the costs and benefits of an affordable housing requirement.

7.2 Resource management issues

In the context of QLD, land for urban development is limited in its supply. A range of district plan provisions relating to the protection of the natural environment, amenity, infrastructure and urban growth combine to limit the extent to which zoning can meet all needs, in the medium to long term. While these constraints overall benefit the community's wellbeing (as a range of negative

[24] AA-Gazetted-NPSUD-17.07.2020-pdf.pdf (environment.govt.nz)

externalities are addressed), the inherent "friction" created by them generates costs that are borne by particular sectors of the community, in this case households on low to moderate incomes who face restricted housing choices.

The stock of land suitable for urban development is limited by necessary measures to avoid adverse impacts on outstanding natural landscapes and areas of high amenity. This stock of land appropriate for development needs to be managed (in a way and at a rate) that takes into account the needs of future generations to access affordable housing. It is also important for social and economic well-being that when avoiding or mitigating impacts on natural resources, certain groups are not significantly disadvantaged (that is their well-being is disabled by limited choices and/or high prices).

Taking into account the needs of future generations, and to enable community well-being in general (not just workers, but all residents), there is a case that in the specific context of QLD, an affordability requirement tied to housing development is an appropriate RMA measure.

The basic rationale for their use is that they help to implement the District Plan's overall approach to urban growth. By ensuring a mix of market rate and affordable housing is provided in planned developments, affordable housing programmes:

- Reduce pressure for continual urban expansion as a means of providing more affordable land and houses. The QLD experience is that once land is zoned for housing on the basis of providing an affordable product, land and house prices in the development rapidly rise. Pressure then builds for further expansion, repeating the cycle.
- Help avoid the displacement of lower income households to outer lying settlements, thereby helping to lessen impacts from longer commuting to work, education and other activities. For example, some workers in Queenstown commute from Cromwell. This commuting places pressure on the State Highway infrastructure.
- Recognises that through zoning and development controls that protect landscapes and amenity, existing landowners derive an indirect benefit from higher land values. This in turn can have an adverse consequence for those households seeking more affordable housing. While zoning and amenity controls can be and should be appropriately calibrated to reduce this adverse consequence on housing choices, in the QLD context of an economy and sense of place based on natural landscape values there is a 'floor' to such re-calibration. There is an inevitable flow-on impact from wider growth management goals on social and economic wellbeing that should be off-set in an integrated manner.
- Recognise that while the process of urban (brownfields) redevelopment helps to increase housing supply and offer housing choices that are more affordable than other housing products, brownfields redevelopment does not necessarily provide housing that is affordable to those on low to moderate incomes. If anything, the process of urban redevelopment tends to see older, cheaper housing in an area removed and replaced by newer units that are more expensive. Through this process, lower income households can be displaced and see their housing options reduced.

7.3 Effects Management

Along with tying housing affordability to sustainable management, it is also necessary to establish a linkage between the issue and particular activities that occur in the district. This is to address concerns that any affordability measure may be seen as a form of a general tax or charge on development, rather than a means to manage adverse effects of particular activities and enable sustainable management.

Plan Change 24 sought to establish a linkage to effects by relating the affordability requirement to economic and business growth in the district. This growth was largely based on the visitor market generated by the region's landscapes and natural environment. The business growth fuelled employment growth which in turn generated demands to house workers, which in turn put pressure on the housing market and demands for residential growth that might affect the landscapes.

The alternative is to relate affordability to residential development that occurs. That is, affordability is linked to housing development. This involves a more indirect connection in terms of effects, in that it can be argued that any housing supply is contributing to the improvement of housing affordability, not aggravating affordability. In simple, terms the building of a house does not create an adverse effect in terms of affordability.

However, the zoning of land (from rural to urban, or from low to high density) does have implications for affordability. As noted, where options to continually add more urban land are constrained due to environmental factors, then lower income households can face reduced opportunities. Rather than relax environmental controls (which are needed to sustain wider social and economic wellbeing) the alternative is to look at how land that is to be urbanised can be used more effectively.

7.3.1 Inclusionary vs linkage

Plan Change 24 proposed a form of linkage zoning, on the basis that this approach best fit the RMA's 'effects' structure. In other words, affordable housing was primarily tied to business development (employment growth). In contrast Council's use of stakeholder agreements and Special Housing Areas has used a form of inclusionary zoning whereby affordable housing is tied to residential development.

The table below lists the differences and commonalities between the two schemes.

Inclusionary Zoning	Linkage Zoning
An approach where a proportion of all residential development includes affordable homes (as defined) in the development, whether on-site or through an agreed off-site arrangement.	An approach analysing the demand for affordable housing in the district and allocating that demand across all land uses: Residential, Commercial and Industrial.
Used under the Lead Policy through HASHAA	Uses the approach argued under Plan Change 24

Inclusionary Zoning	Linkage Zoning
Simpler to apply in a consenting setting, but a less easy option under the RMA,	More complex to apply in a consenting setting, A more obvious fit for RMA

For the purposes of developing any affordable housing requirement for inclusion in the QLD PDP, it is recommended that the Inclusionary zoning type approach be developed, in preference to Linkage zoning. This is on the basis of effectiveness and building on current practice and methods. An Inclusionary zoning requirement is also generally simpler to understand and therefore to anticipate and build into feasibility studies.

Inclusionary zoning is 'linked' to the effects of residential development by virtue of the fact that the experience of QLD is that residentially zoned land has not been used at a rate and in a way that has provided for the social and economic wellbeing of a sector of the community.

7.4 Costs and benefits

Criticisms of regulatory-based affordable housing programs, such as Inclusionary zoning, generally centre around two arguments:

1. inclusionary housing programs do not produce much or any affordable housing, and
2. inclusionary housing programs have a negative impact on the overall housing market by depressing supply and pushing up market prices. To subsidize the cost of providing the below-market units, the developer could increase the prices or rents of the market-rate units.

7.4.1 More land?

Because of these issues, a supply response (more land for housing) is often pitched as the better policy option, than regulatory-based responses. For example, the Independent Hearings Panel considering the Proposed Auckland Unitary Plan echoed the above concerns, stating that Inclusionary zoning is a form of a 'tax' that would supress overall housing supply and push up prices. The Panel's overall analysis was that improving supply is a better policy option. It should be noted that in the Auckland context, supply options are more extensive than in Queenstown.

The 2015 Productivity Commission report on housing affordability[25] also pointed towards restrictive zoning practices as being a key barrier to affordability. The report advocated for more brownfields and greenfields land being zoned for housing development, rather than plan-based methods that require affordable housing be provided.

The increase in housing supply in Canterbury following the 2010-2011 earthquakes, facilitated by legislation that speeded up rezoning processes, is often cited as the supply response working. However, there are some unique circumstances involved including slow population growth post-

[25] https://www.productivity.govt.nz/assets/Documents/4879141358/Summary-version.pdf

earthquake and the benefit of insurance money enabling rebuilding. Canterbury also had on hand a range of development options that could be advanced. As noted by MFE in an April 2020 memo to Housing Ministers[26]:

> *A number of factors specific to greater Christchurch mean that the supply of housing has been more responsive to demand, particularly in Selwyn and Waimakariri. These factors include:*
>
> *a) The lasting benefits of Christchurch rebuild initiatives that fast forwarded plan changes and brought in thousands of migrant construction workers after the 2011 earthquakes*
>
> *b) Low population growth in Christchurch city since the earthquakes*
>
> *c) Rapid growth in surrounding Selwyn and Waimakariri, on flat land that is relatively cheap and fast to develop. This has been enabled by the district councils pre- planning, the Land Use Recovery Plan, the councils' ability to finance infrastructure and their use of innovative ways to enable development quickly.*

The QLD experience is that even with substantial additional greenfields areas being brought on stream, land and property prices have continued to rise. This can be seen in the MBIE data set out above. While additional housing capacity always needs to be found in a growing area, additional supply of land for housing is not, by itself, sufficient to ensure a supply of affordable houses. Increased density of housing development (smaller land area per dwelling) also helps to moderate prices but is again not sufficient to ensure affordable product is provided.

7.4.2 Will it affect housing supply?

Whether plan-based affordable housing requirements adversely affect housing markets is a complex area with a wide variety of views for and against. Concerns over impacts on housing supply and housing costs may be a transient effect. Once established, any affordable housing requirement is most likely to be factored into land prices. As identified in a study on New York City's proposed affordable housing requirements: 'over the longer run, developers (and landowners) may well be able to adapt as necessary to changes in policies and economic conditions, even if unable to do so immediately following a policy change'[27].

In terms of shorter term impacts on housing supply and house prices, a US 2016 report entitled: "Separating Fact from Fiction to Design Effective Inclusionary Housing Programs"[28] noted that many studies showing an adverse effect of inclusionary programmes on housing supply and prices

26 https://environment.govt.nz/assets/Publications/Files/aide-memoire-christchurch-development-capacity-and-affordable-housing.pdf

27 Creating Affordable Housing Out of Thin Air: The Economics of Mandatory Inclusionary Zoning in New York City. NYU Furman Center, 2015, Page 2.

28 Sourced from: https://nhc.org/wp-content/uploads/2017/10/Separating-Fact-from-Fiction-to-Design.pdf

were not robust in their isolation of the range of factors that can impact upon house prices. The study concluded[29]:

> *Among these robust studies, however, the researchers find a mixed bag in terms of the effects inclusionary housing programs have on the overall supply of housing and on market prices, with generally no impacts on supply and no or modest impacts on prices. Notwithstanding economic theory, these empirical studies suggest that the relationship between affordability requirements and the housing market is complicated and highly dependent on the unique characteristics of the local economy and housing market and on the specific design, implementation and tenure of particular programs.*

In general, mandatory programs in strong housing markets that have predictable rules, well-designed cost offsets, and flexible compliance alternatives tend to be the most effective types of inclusionary housing programs[30].

The inclusion of an affordable housing requirement as part of many Special Housing Area proposals (in Queenstown as well as Auckland) is recognition that the informal 'up zoning' enabled by special housing identification is an appropriate (and efficient and effective) time to seek a contribution towards affordability outcomes.

The impact of any affordability requirement on the feasibility of different forms of residential development does need to be tested.

7.4.3 Cost and benefits

Given uncertainties over the 'costs and benefits' of an affordable housing requirement, and where those may fall, QLDC asked Sense Partners to scope the economic costs and benefits of implementing an affordable housing policy[31].

This work established that the benefits of an affordable housing requirement were likely to outweigh the costs:

- Costs were identified as an increase in house prices to off-set the affordable housing requirement (a 1% increase was assumed, across the housing stock) even though no evidence of affordable house requirements increasing neighbouring house prices is evident in Queenstown. While existing homeowners would be better off future homeowners would be worse off.
- The largest benefit is from improved labour market outcomes and stability (reduced turnover), which adds $27m-$53m of economic benefits, discounted over 30 years at 6%.
- There are modest positive economic benefits from improved mental health, education and household bills. There are larger associated wellbeing benefits, but they tend to

[29] Page 5, Ibid

[30] Page 11, Ibid

[31] See: The economic case of Inclusionary Zoning in QLD. Sense Partners, 21 October 2020.

inflate benefit estimates and are a source of contention. There are also potential benefits from reduced commute times for some households.

In the worst case, the total economic benefit of an affordable housing policy would equal costs – with net benefits of $3m over 30 years discounted at 6%.

In (a conservative) best case, the total economic benefit of the affordable housing policy would be $101m.

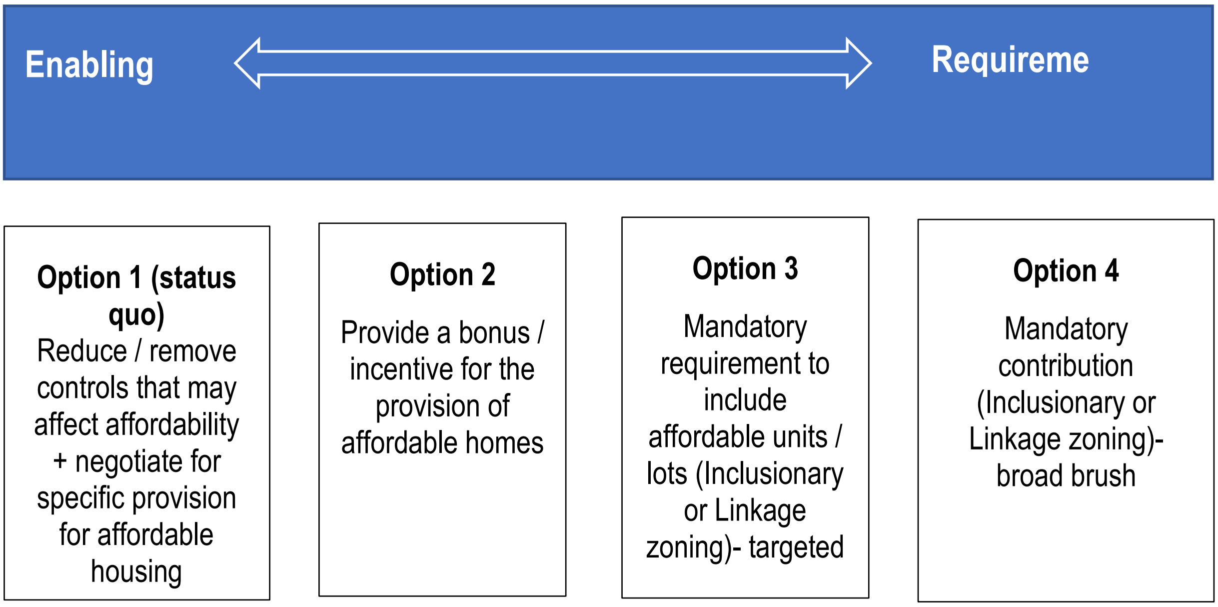
The report makes the following observations about affordable housing and planning:

- Experience of recent years shows that housing supply can be ramped up. But even when that happens, there is not enough supply of affordable homes. Until there is an abundant supply of homes, market provision of affordable housing is unlikely.
- Affordable housing requirements is a planning tool to specifically generate affordable housing. On its own, it can be distortionary. When combined in the context of other policies that facilitate housing supply, these distortions can be mitigated.
- The analysis suggests that from a monetary perspective, the benefits and costs accrue to different cohorts, but that the net impact is positive.
- The analysis of QLDC affordable housing tools used to date show that the common criticisms of affordable housing policies internationally have not been evident (reduced supply, reduced house size and increased price).

8 RMA Options

This part of the report looks at the high level RMA-based options available to the Council to progress the provision of affordable housing and the high-level risks and benefits associated with the different courses of action.

Options range from enabling additional supply to a mandatory requirement to provide a percentage of affordable housing. The options lie on a continuum as follows:



There are a range of costs and benefits associated with the options.

8.1.1 Option 1 part 1: Additional supply / reduce controls (status quo)

It is often contended that there are a range of amenity-based controls on residential development that have the effect of increasing the costs of housing, while having limited benefit in terms of wider environmental quality.

A common example is minimum density controls. Such a control limits options for sites to be used for a variety of housing types, for example one larger house or two smaller houses that fit within the same built form envelope. While controls such as building coverage, building height and building setbacks and minimum landscape requirements can be justified on the basis of controlling specific spill over effects onto neighbours, minimum density controls have more of a general, but indirect effect on amenities.

One option is therefore for the minimum density controls to be reviewed. For example, in the Medium Density Residential Zone housing types such as flats, town houses, duplexes and terrace housing provide scope for a range of house and lot sizes. In particular there should be the ability to provide housing on small lots (given that land prices are an important component of housing affordability).

The zone is described as enabling a greater supply of diverse housing options for the district. The main forms of residential development anticipated are terrace housing, semi-detached housing and detached townhouses on small sites of 250m^2 or greater.

The minimum density of 1 unit per 250m^2 of site area could be removed. Other controls such as height and coverage would remain. A minimum landscaping (permeable) area may need to be introduced.

Having said that, reduction in controls does not mean that development opportunities provided will be taken up. QLDC staff report that 'underdevelopment' of sites in medium, high density and Business Mixed Use zones is common, with development of standalone houses common in zones suitable for compact, affordable terrace housing and multi-unit apartment developments.

Advantages	*Disadvantages*
• Provides greater scope for a range of house types and sizes on sites (e.g., one- and two-bedroom units) • Greater design flexibility for smaller sites	• Other bulk and location controls may need to be added or strengthened to address effects, such as minimum outlook areas and minimum landscape / permeable areas. • Amends a provision which has recently been the subject of extensive submissions, hearings and decisions. • Opportunities for smaller, cheaper dwellings may not be taken up.

8.1.2 Option 1, part 2: Negotiate at Plan Changes (status quo)

This option would involve the Council raising affordability issues when it prepares plan changes or processes private plan changes. The PDP may have affordable housing provision as an objective but leave any method to be determined as each plan change is considered.

The extent of future plan changes is unknown, and any offer (or acceptance) of affordable housing provisions will be voluntary.

Advantages	*Disadvantages*
• Place / area specific solutions could be developed • Flexibility over contribution type and quantity • Reflects past practice	Involves case-by-case negotiation May see inconsistencies develop over time between different plan provisions May be complex to administer Limited incentive to negotiate.

8.1.3 Option 2: Bonus / incentives

A bonus or incentive is a common tool used to help enable affordable housing production in many US jurisdictions. A bonus or incentive may be a stand-alone provision or be part of a mandatory requirement.

The bonus may be in the form of additional building height or building coverage or increased density. As a stand-alone tool, the bonus needs to be of sufficient scale to overcome any real or perceived loss of development returns arising from the provision of affordable housing. That is, the bonus needs to provide additional return, over and above what a developer may expect from staying with a 'conventional' development model. For example, a rule could be introduced that affordable housing could 'sit outside' standard plan density controls. Some form of performance statement would be needed as to what constitutes affordability (such as a price point or size of unit).

Generally, bonuses are difficult to justify under the RMA, as any standard has to be set in reference to avoiding or mitigating adverse effects. The ability to extend building form or bulk beyond a set limit therefore implies some form of adverse effect, which if acceptable for one type of development, should be available for all forms of development to access. Therefore, this approach could take a considerable time to develop and justify under section 32 of the RMA.

Advantages	*Disadvantages*
• Provides incentives, appropriate to market conditions, to developers for provision of community housing • Could be provided in selected areas where additional development is being contemplated (such as in Gorge Road and Frankton in Queenstown) • Fits with current PDP policy framework that refers to scope to step aside from density controls if affordable housing product is being offered	• May be difficult to justify enabling a certain level of effects, for the benefit of community housing under the RMA • Neighbours may feel threatened if developments can exceed normal limits, such as concerns about additional parking and traffic in an area • It is uncertain what level of incentive would need to be offered to encourage up-take of the provisions • The affordable housing product may not be retained long term.

8.1.4 Option 3: Targeted mandatory contribution

A targeted approach would focus an affordable housing requirement or contribution where it is most likely to be effective to do so, for example new subdivisions. The option would build on the practice established under the Special Housing Areas process whereby new greenfields subdivisions contribute to affordable housing, and where the evidence is clear that such a requirement (provided it not excessive) does not make development unviable.

This option would introduce a mandatory inclusionary zoning provision requiring a contribution of a certain percentage of sites, sites and dwellings, or cash in lieu for affordable housing, for all greenfields developments over a set threshold. For example, would be greenfields subdivisions over 20 lots or more. A 10% to 15% requirement may apply, with either the land and housing sold at a discount to market prices to eligible households, or equivalent cash in lieu contributions transferred to the Housing Trust.

A trigger level of development would need to be set and appropriate retention mechanisms developed (such as consent conditions or covenants) to control resale of any affordable housing sold into the private market.

Advantages	*Disadvantages*
• Applies to greenfields, but not brownfields • Enables the Council or Community Housing Trust to secure community housing at a rate linked to development • Provides a clearly stated contribution regime, so that all greenfields developers are treated fairly and transparently • May provide an incentive for brownfields development	• Would not apply where development is already at maximum capacity • Relies upon continual urban expansion to generate supply • Justification for selective approach is likely to be challenged in the Environment Court • The costs of provision of affordable housing may be transferred to other players in the housing market in the short term. • Monitoring of any consent conditions

8.1.5 Option 4: Modest mandatory contribution across the district

This option would introduce a mandatory contribution (lots or cash in lieu) for affordable housing, for all developments, whether they be in greenfields or brownfields areas. In greenfields areas, contributions may be most likely in the form of the transfer of land, but smaller developments would have a cash in lieu option (on a pro-rate basis). For brownfields developments, the contribution would most likely be in the form of cash contribution based on a formula set out in the District Plan. A cash contribution based on the value of the new development put in place (for example, a rate per square metre of floorspace) is more likely to suit the variety of situations found in brownfields developments (where there is a mix of infill and redevelopment, as well as smaller and larger housing units). The contribution applied to brownfields may be at a discount to the rate applied to greenfields, recognising the wider growth management benefits of compact urban growth.

Land would be transferred to the Housing Trust. Cash contributions would also be transferred to the Trust and would have to be used for the purposes of providing affordable housing.

This option would make clear and transparent the expectations of the community with regard to contributions towards affordable housing. All developers would have the same understanding of the contribution to affordable housing required and enable the ‘costs’ of providing a proportion of affordable housing to be taken into account during the site acquisition, design and development process. A trigger level of development would not need to be set.

Advantages	*Disadvantages*
• Applies widely, requiring community housing in low- and high-density areas, greenfields and brownfields • Enables the Council to pass contributions onto the Community Housing Trust to secure community housing as they see fit • Provides a clearly stated contribution regime, so that all developments are treated fairly and transparently	• Justification is likely to be challenged in the Environment Court • The costs of provision of affordable housing may be transferred to other players in the housing market in the short term

8.2 Discussion

To date, the main method used by the Council has been the first option – negotiation at the time of plan changes. However, this has been on a largely unstructured, case-by-case basis, with ‘one-off’ Developer Agreements / Stakeholder Deeds used to secure the affordable housing contribution. Special Housing Areas did see a more formal structure, although the affordable housing requirement technically sits outside the district plan, required as a council policy.

There are a range of costs and benefits associated with the options

All options involve risks: A reduction in controls may be met opposition from existing residents, as might a bonus based provision. The re-litigation of controls recently debated through the district plan development process may also be a source of contention.

The ‘plan change’ option is the option mostly closely aligned with current Special Housing Area and Stakeholder Deed techniques. However, the effectiveness of a ‘plan change’ option may have diminished compared to past experience. There are likely to be fewer plan changes than in the past, given that a revised District Plan is now being prepared which has a considerable element of ‘up zoning’ associated with it.

Any mandatory requirements are likely to be challenged by developers and landowners as running counter to current national-level policy which emphasises supply-side responses to affordability concerns. Yet a mandatory requirement is likely to be an effective method of addressing the housing affordability issues facing the district.

9 Developing Issues and Objectives for Affordable Housing

This section begins the process of developing an RMA-based affordable housing requirement by proposing an issue and objective that can be used to guide subsequent assessment of specific options and provisions.

9.1 Current District Plan Issues and Objectives

The Operative District Plan has a specific objective for affordable housing, namely:

> *4.10.1 Objectives and Policies*
>
> *Access to Community Housing or the provision of a range of Residential Activity that contributes to housing affordability in the District.*

The Proposed District Plan does not contain a direct issue or objective relating to affordable housing. Under the heading "*Urban growth is managed in a strategic and integrated manner",* is the following objective*:*

> *3.2.2.1 Urban development occurs in a logical manner so as to:*
>
> *f. ensure a mix of housing opportunities including access to housing that is more affordable for residents to live in;*

The current (ODP or PDP) objectives lack focus on the issue of affordability, relating the issue to either enabling opportunities for housing or better managing urban development. Neither of these two outcomes have been demonstrated to deal with the affordability issues facing the district.

9.2 Constructing issues statements

An issue is an existing or potential problem that must be resolved to promote the purpose of the RMA. However, issues can also be opportunities to assist in promoting the purpose of the RMA.

The Quality Planning website notes that issues statements should:

- identify an environmental problem (or opportunity for improvement) that the local authority can address under the RMA
- identify the cause of the problem or scope of the opportunity (where this is known)
- be specific to the district or region rather than abstract and generalised (even though the issue may also occur elsewhere)
- be succinct (explanations could be used if more detail is essential)
- include what is being affected, how it is being affected, and where
- if the issue is intermittent in nature or it relates to a specific timeframe or event, include information related to the circumstances that give rise to the issue, or its duration and frequency (i.e., 'when').

9.2.1 Dimensions

As noted in section 2.0, a lack of affordable housing has a range of social and economic dimensions to it. These dimensions need to be tied back to RMA matters. The following table lists the affordable housing dimensions identified for the QLDC area and the associated RMA related matters.

Affordable Housing Dimension	RMA related issue
Lack of supply of affordable housing 'product'	Capacity assessments indicate that zoning provides housing capacity in excess of demand, which suggests that land supply is not a first order constraint. Some additional steps may be able to be taken to reduce barriers to additional supply, but experience indicates growth pressures and other market factors (such as investor demands) quickly overwhelm any supply 'response'. Longer term, supply options will become more complex, costly and scarce (such as redevelopment). This will impact on affordability.
Social, economic wellbeing of the district is harmed	Social and economic well-being is being adversely affected, setting up a conflict with environmental management objectives. Left unresolved (that is, with no framework within which to balance the competing demands), this tension is likely to see ad hoc responses that do not contribute to sustainable management of land and resources.
Spill over / displacement of growth to Central Otago	Limited options for affordable housing within Queenstown is seeing growth displaced to other areas, such as Cromwell. This imposes infrastructure costs on these communities, while transport links need to be upgraded to cope with increased daily flows.

9.2.2 Possible issues statement:

The following issue statement is proposed:

The combination of multiple demands on housing resources; the need to protect valued landscape resources for their intrinsic and scenic values and geographic constraints on urban growth means that the district's housing market cannot function efficiently, with long term consequences for low to moderate income households needing access to affordable housing.

9.3 Constructing an Objective

Objectives under the RMA are important in establishing the outcome to be achieved by subsequent provisions (policies and methods).

Objectives should state an end point rather than a method, flow from an issue and be within the terms of the RMA. In particular, objectives should be considered from the point of view as to whether the objective is the most appropriate way to achieve the purpose of this Act.

In terms of possible objectives, the Operative and Proposed District Plans both contain objectives that refer to affordability. However, both take an enabling approach, with the ODP objective referring to 'access' to affordable housing, and the PDP referring to ensuring a mix of housing that is 'more' affordable. In particular, the PDP could be said to have a focus on enabling relative affordability – housing that is more affordable than current market prices. While helpful, relative affordability will not address the more fundamental problem facing low to moderate income households.

A possible objective could be as follows:

> *Housing choices for low to moderate income households are incorporated into new neighbourhoods and in redevelopments of existing neighbourhoods so as to help meet social and economic needs while managing pressures for the expansion of urban areas.*

The following table discusses the relevant operative and proposed district plan objectives and the possible above new objective against commonly used criteria.

Criteria	ODP	PDP	Possible objective
Directed to addressing a resource management issue	Addresses a broadly stated issue of access to housing	Reference to developing in a 'logical manner' links affordability to management of urban growth.	More directly focused on meeting community's social and economic needs in a way that supports wider goals relating to environmental management
Focused on achieving the purpose of the Act	Focus is on enablement, but leaves open questions of relationship	Affordability is tied to urban development being 'logical'. Not strongly tied to the	Relates directly to section 5 and managing resources while enabling social

Criteria	ODP	PDP	Possible objective
	to management of resources	purpose of the district plans to sustainably manage resources	and economic outcomes
Assists a council to carry out its statutory functions	Relates to adequate supply of development capacity	Aimed at managing the effects of urban development	Aimed at integrated management of effects
Within scope of higher level documents	All of the three options are within scope of NPS-UD and the Otago Regional Policy Statement		
Is the objective clear in its intent?	The objective is somewhat ambiguous given its reference to both access to community housing and residential activities that provide affordable housing	The reference to development occurring in a 'logical manner' may create some confusion that implementation of the objective should focus on managing the timing and sequencing of urban development	The objective is focused on a particular outcome

The above discussion indicates that the current objectives (ODP or PDP) lack focus on the issue of affordability, relating the issue to either enabling opportunities for housing or better managing urban development. Neither of these two outcomes have been demonstrated to deal with the affordability issues facing the district. The possible new stand alone objective is clear in its intent and is likely to be a more appropriate objective.

10 Next Steps

10.1 Section 32

Taking forward an RMA-based affordable housing policy will require a range of matters to be addressed. Section 32 of the RMA requires analysis of the costs and benefits of any new planning provisions. In particular, before adopting any new provisions, Section 32 requires that:

An examination be undertaken of the extent to which the objectives of the proposal being evaluated are the most appropriate way to achieve the purpose of this Act; and

Determining whether the provisions in the proposal are the most appropriate way to achieve the objectives by:

- *identifying other reasonably practicable options for achieving the objectives; and*
- *assessing the efficiency and effectiveness of the provisions in achieving the objectives.*

Analysis will need to cover:

- the scope of any policy (what types of development it would cover)
- possible rates of requirement (eg 5%, 10%, 15%)
- analysis of the impact on feasibility of different rates on different types of development
- exclusions
- assessment processes.

10.2 Alternative Implementation Routes

Adjustments to the PDP issues, objectives and policies would be needed to implement any of the options. An inclusionary zoning approach tied to most residential developments will involve litigation risks under current RMA settings. Mitigation of risks could involve seeking either:

- Use of the streamlined plan making provisions of the RMA
- Specific legislative support for QLDC (given its unique characteristics and challenges)
- Incorporation of supportive tools in the proposed Natural and Built Environment Act.

The streamlined planning process is an alternative to the standard RMA Part 1 Schedule 1 process to prepare a plan change or review a plan. Use of the streamlined provisions of the RMA will require the Council to demonstrate that the proposal meets the criteria set out in the Act. For example, the proposed plan or plan change is needed to implement national direction or address a significant community need. Even if the relevant criteria are met, the proposed provisions will still need to meet the tests of the RMA. In other words, the inherent tension between an affordable housing requirement and national policy seeking to provide sufficient supply, remains.

In terms of process, a local authority can make a request to the responsible Minister for a streamlined planning process for developing or changing a district plan. If the Minister approves the request, he or she will issue a Direction to the local authority. The local authority must then follow the procedural steps and timeframes in the Direction rather than following the standard Part 1 Schedule 1 process. These steps and timeframes can be tailored by the Minister to suit the planning issues involved. At a minimum, any Direction issued by the Minister must at least provide for certain key steps, including consultation (if not already undertaken) and a submission process allowing those affected by the proposal to have a say.

The local authority must also submit its proposed plan or plan change to the Minister(s) for approval before it becomes operative. The local authority must meet any reporting requirements specified in the Direction and must have regard to the Minister's Statement of Expectations.

The alternative of specific legislation will also require that a case be made to the Minister of the Environment and/or Housing or Local Government. A specific 'affordable housing' legislative mandate for QLDC could build on legislation that has made place-based or topic-based amendments to the broad scheme of the RMA such as the SHA model, as well as models developed to protect specific resources (like the Waitakere Ranges Heritage Protection Act) or to address particularly complex planning environments (such as the legislation that set in place the Auckland Unitary Plan hearing process). These mandates, while amending the RMA, are justified on the need to address local specific issues that the general scheme of the RMA struggles to address in an efficient and effective manner.

The government is undertaking a review of the Resource Management Act. A new Natural and Built Environment Act (NBA) is proposed to work alongside a Spatial Planning Act. The shape and content of the NBA is not yet clear. Whether the new Act will provide a stronger platform for affordable housing requirements has yet to be determined.

QLDC PDP: Affordable and Community Housing Chapter

Working Paper: Developing an Affordable Housing Provision

June 2021

Prepared by David Mead, Hill Young Cooper Ltd

Status

This working paper has been prepared by David Mead, Hill Young Cooper Ltd, to assist with policy development associated with affordable housing. The matters addressed and draft plan provisions attached are not council policy.

Contents

Introduction

Queenstown Lakes District Council (QLDC or the Council) is considering whether the Proposed District Plan (PDP) should contain provisions relating to affordable housing. In particular whether there should be a requirement on new housing developments to incorporate affordable housing in the form of residential lots or units sold at an affordable price, or through the transfer of land or money to the Council for the purpose of providing affordable dwellings.

Councillors have indicated support for the objective of increasing the supply of affordable housing through both ensuring adequate capacity to meet future housing demands overall, as well as measures aimed at securing a portion of that housing in an affordable price bracket. Council has sought that several options should be considered, with a preference for supporting the delivery of affordable housing through the Queenstown Lakes Community Housing Trust (QLCHT).

District Plan-based methods will sit alongside a range of measures that the Council takes under the Local Government Act to support the provision of affordable housing. District plan-based measures are only part of a response to the much wider and systemic issues associated with housing.

An Issues and Options paper has been prepared. This sets out the broader context for affordable housing and Resource Management Act (RMA) plans; past and current experience in Queenstown Lakes District (QLD) as well as high level options. It discusses a range of affordable housing programmes applied in North American mountain resorts, as well as metropolitan areas in the US, Australia and the UK.

The Issues and Options paper recommends that an Inclusionary Zoning (IZ) type approach be advanced, whereby all residential development be required to incorporate affordable dwelling lots or units in the development (a 'requirement'); or make a financial contribution (a 'contribution') to the Council to fund the provision of affordable housing by the QLCHT.

This working paper identifies a range of technical issues that need to be considered when formulating any affordable housing requirement or contribution. These include:

- Greenfield versus brownfields developments
- Rural residential, rural lifestyle or resort developments
- Requirement trigger and exclusions
- Quantum of requirement or contribution
- Specific issues with a requirement or a contribution.

Attached are 'indicative' plan provisions that address these matters, for discussion purposes.

Covid 19 observations The COVID-19 pandemic has substantially changed the housing context in QLD due to a reduction in economic activity and expected population growth over the short to medium term. Economic forecasts vary about the duration and extent of the impacts of Covid 19, particularly on the housing market both across NZ and within QLD. The fundamental drivers of lower than average wages and higher than average house values and rental remain even as the economy slows due to Covid 19.

Background to Affordable Housing

Affordable housing (sometimes referred in the QLD context as Community Housing) is generally defined to be housing where a low-or moderate-income household spends no more than 35% of their gross income on rent or mortgage (principal and interest) repayments[1].

Community Housing is defined in the Operative Queenstown Lakes District Plan to mean a residential activity that maintains long term affordability for existing and future generations through the use of a retention mechanism, and whose cost to rent or own is within the reasonable means of low- and moderate-income households.

The ODP defines a low-income household as having less than 80% the district's median household income, and a moderate-income household as having between 80 and 120%.

Housing affordability covers both rental and ownership affordability. The focus of any planning-based affordable housing policies and methods is on increasing the supply of housing that is affordable, whether that be via rental, full ownership or some form of assisted (or progressive) ownership in conjunction with a Community Housing Provider. In all cases, as signalled by the definition in the District Plan, some form of retention mechanism is required to ensure that over time the affordable housing provided is directed at low to moderate income households, and that this 'resource' remains available to future households with similar needs. Retention mechanisms may involve a cap on annual rental or sale price rises and/or a requirement for on-sale or rental only to buyers who meet affordability criteria and/or ownership by a Community Housing provider.

Affordable Housing Programmes

In response to what may be termed 'structural' issues with housing markets, a number of planning tools can be used, such as Linkage Zoning (LZ) and Inclusionary Zoning (IZ), to increase the supply of affordable houses. These types of mechanisms are explained further in the Issues and Options paper.

IZ has a focus on residential development, while LZ focuses on employment generated by business and commercial development and resulting housing needs.

The long-term impact of affordable housing requirements on the price and quantity of housing provided through development is a matter of debate. These issues are discussed in the Issues paper and explored further in this Working Paper. There are transaction costs involved in affordable housing requirements (for example, additional costs in preparing and processing applications), while there can be transitional effects on the feasibility of development as new policy takes effect. Long term, some forms of development may become infeasible from a development perspective if any requirement or contribution is significant in scale, or poorly targeted.

[1] Mayoral Taskforce Report 2017

Whatever RMA-based option is selected, it is generally held that well-structured and clear requirements help to address some of the costs and risks involved in affordable housing provisions. It is also necessary to take a long-term view of the rate at which affordable housing stock is built up. Planning-based solutions will not deliver an immediate benefit.

Affordable housing programs can be divided into two broad types, being general, mandatory requirements and case-by-case assessments. The two approaches have grown out of two different development contexts:

- Most often mandatory schemes apply to greenfields developments where any requirement is 'up front' and can be easily factored into development feasibility assessments.
- In the UK, and in a number of US and Australian cities IZ programs for already built-up areas tend to be based on negotiation on a case-by-case basis, within a supportive policy framework[2].

The two sets of programs differ in at least two ways:

The "greenfield" programs typically impose the inclusionary obligation on virtually all private residential developments of a certain scale, including those that are completed under as-of-right provisions. They also typically fix all of the fundamental requirements (whether they involve land, serviced sections or houses) in a set of rules. An issue for QLD is whether rural-residential and resort style development should be part of any policy, given the prevalence of this type of development in the district. The district also has a number of outlying settlements.

The "brownfield" programs, on the other hand, have been applied mainly (but not entirely) to residential developments that obtain additional development rights through a resource consent or re-zoning. Also, they allow for determining the appropriate contribution – including density increases to off-set costs – on a negotiated, case-by-case basis. This is so as not to discourage brownfields redevelopment, which may be financially marginal but desirable from an overall planning policy point of view.

Alongside the greenfields/brownfields distinction, affordable housing policies vary between:

- A requirement that lots and/or units be sold at an affordable price (either to eligible buyers or to identified housing providers), or
- A financial contribution be provided to Council's for the purpose of affordable housing provision (sometimes called a mitigation fee).

QLD Housing Development Context

Greenfields and Brownfields growth

In QLD approximately two-thirds (67%) of the housing capacity enabled by the PDP is planned to occur within the greenfield urban areas included within the various urban growth boundaries (UGBs) across the district. The Proposed District Plan (stage 1) enables up to 18,200 dwellings within the greenfield areas, two-thirds (12,200 dwellings) of which are included within areas where structure

[2] Review of best practices in affordable housing. Prepared by Tim Wake for Smart Growth BC.

plans or subdivision plans exist[3]. However, over time, an increasing proportion of dwellings will be delivered via redevelopment of brownfields areas.

The data in the following table is sourced from the Council's 2017 Housing Capacity Assessment report[4]. The estimate of capacity is based on the proposed district plan as notified. Subsequent assessments will reflect changes to zoning arising from submissions and appeals.

Table 1: Dwelling capacities: proposed district plan

	Greenfield urban	Other urban (e.g. Brownfield)	Total Urban
Plan enabled capacity (excluding redevelopment)	18,590	9,060	27,650
Plan enabled capacity (including redevelopment)	18,590	19,760	38,350

Planned capacity (excluding redevelopment) includes in the brownfields capacity figures infill type development in existing residential areas; for example where a house is built at the back of an existing dwelling. Plan-enabled capacity with redevelopment involves assumptions around the removal of existing dwellings and their replacement with terraced housing or apartments.

The report's assessment is that feasible redevelopment capacity (what is likely to be built) is less than plan-enabled capacity.

It is projected that QLD has feasible capacity for an additional 19,200 dwellings within its UGBs and 19,400 dwellings within the total urban environment in the short-term, excluding the potential for redevelopment. It is estimated that over half (56%; 10,800 dwellings) will be within the greenfield areas, with 8,400 commercially feasible dwellings within existing urban areas.[5]

Over time, further plan-enabled capacity will become feasible. In particular it is reasonable to expect brownfields urban sites with enabling zoning will be redeveloped on a site-by-site basis, with existing houses being removed and replaced with a range of dwelling typologies and densities. There are also options to add small flats and accessory units.

The 2017 Housing Capacity Assessment estimates that QLD will have commercially feasible capacity for an additional 23,900 dwellings within its UGBs and 24,200 dwellings within the total urban environment in the medium-term (to 2026)[6]

The 2017 Mayoral Taskforce on affordable housing reached the view that it would be beneficial to move towards a policy environment where there is a mandatory contribution towards affordable housing from new greenfield developments, and from other developments that intensify use of a

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[3] Housing Development Capacity Assessment 2017 Queenstown Lakes District 27th March 2018 –

[4] Ibid, page 181

[5] Page | 178

[6] Page | 180

site[7]. By intensify, it is assumed to mean residential or mixed use developments that see a net increase in units.

The extent to which brownfield redevelopment will make up future development capacity means that any IZ policy must suit this type of development. Rather than develop a discretionary, case-by-case assessment process for brownfields development, it is recommended that a simplified requirement / contribution scheme apply. Relevant points are:

- Brownfields development will more likely involve smaller scale developments that sit below a threshold level where an affordable housing requirement may be triggered (for example developments of two or three units on a 800sqm section).
- Brownfields development cannot readily provide land, and therefore is better suited to a financial contribution approach, rather than a physical requirement to provide affordable lots or units.
- In the QLD context, which includes fast population growth and strong and sustained land and house price increases, it is not considered necessary to provide some form of bonus for brownfields developments that provide affordable dwellings.

A brownfields requirement could be tied to future plan changes (up zoning) rather than apply to development enabled by current zonings. This would, however, see a large pool of development capacity without any contribution flowing from it.

Having said that, transitional effects will be present for brownfields development sites. These transitional effects could be addressed through a stepped phase in period and/or delayed implementation. For example, any IZ policy could start with a small IZ contribution, rising to a larger contribution in five years time. Alternatively, the provisions could become operative after a set date, such as three years after the variation or plan change is settled. Either approach would allow markets to adjust and for sites which are currently in pre-development consenting stages to proceed.

In summary, a mandatory 'pre-set' requirement across greenfields and brownfields is appropriate. However, the contribution rate may vary between greenfields and brownfields to reflect differing feasibility, with scope for site specific approaches to be tested.

Settlement Zones

The QLD has a number of smaller villages outside the main urban areas. The PDP Settlement Zone applies to the settlements of Glenorchy, Kinloch, Kingston, Luggate and Makarora. The lack of Council servicing or limited servicing in these areas restricts the likely take up of housing capacities in these environments.

These settlements are mostly remote from the main centres and historically have offered a more affordable housing product. The PDP enables low-intensity residential development that retains character and amenity through the use of minimum lot sizes. Overtime, the settlements are likely to grow and develop as they respond to a range of demands. In this context it would be appropriate that they contribute to meeting affordable housing needs, but at a rate that recognises their circumstances.

[7] 2017 Mayoral Taskforce, page 21.

Rural Residential, Rural Lifestyle and Resort development.

A feature of QLD is the significant pool of development potential in rural-residential, rural lifestyle and Special (resort) zoned areas.

The Council's 2017 Housing Capacity Assessment found that residential capacity in the rural (non-urban) areas of the district is in the order of 3,600 dwellings, spread across a variety of zones.

Some of this capacity is in the form of one or two larger lifestyle or rural-residential lots that could be subdivided from an existing lot. In other cases, larger properties could be subdivided into more than 10 lots.

Resort zones like Millbrook have seen considerable residential development. Some special zones may incorporate worker accommodation.

In general, the rural-residential, resort and rural lifestyle zones are not appropriate locations for affordable housing. They are located away from key services and community facilities and likely to result in higher travel costs for residents. Land and buildings are likely to be expensive to maintain and subject to high resident society fees or similar.

Nevertheless, development in these zones generates demand for affordable housing. This is in terms of employment associated with the resort zones, as well as home and garden maintenance services and the like. Equally, the population resident generates demands for community services like education, health and local government services. This demand suggests that 'non-urban' residential development should contribute in some way to help mitigate impacts on low to moderate income households.

The Rural Residential zone generally provides for development at a density of up to one residence every 4000m². The Rural Lifestyle zone provides for rural living opportunities with an overall density of one residential unit per two hectares across a subdivision. Density of development in Special zones vary.

It is considered appropriate to apply any contribution to rural-residential and residential development in resort zones due to the urban type nature of these developments, as well as the indirect demands for affordable housing that they create. Rural-lifestyle and rural lots and housing should not be included, as these types of developments already play a significant role in management of resources (such as landscape protection).

Requirement trigger

This issue relates to what scale of housing development would trigger a requirement or contribution, for example a development of 10 or 20 more dwelling units or lots, and whether certain forms of residential development should be exempted from any requirement.

Generally, Inclusionary Zoning programmes have a threshold for contribution of 10 units[8]. The rationale behind treating small developments differently is that an affordable housing requirement might have a greater financial effect on them, compared to larger developments. On the other hand, because smaller developments could represent a significant portion of the total new housing production, exempting them could considerably reduce the provision of affordable housing.

Potential for "boundary effects", such as developments being staged so each stage is below the trigger point (for example 9 units rather than 10 units) are likely to arise. Any cut-off will create a boundary effect. In comparison, Linkage Zoning requirements generally do not have a 'cut off'. Rather there is a set fee that applies to all new jobs to be created, based on the floor area of the development.

In greenfields situations, housing subdivisions and developments generally involve larger scale projects where 'boundary effects' do not arise.

For brownfields, new development or redevelopment involving a net increase of 10 or more units usually involves comprehensive development of larger sites. A 10 unit 'cut off' may incentivise some scaling down or staging of such developments (such as 8 or 9 units on sites that could accommodate 11 or 12 units, or the 12 units being broken down into two stages of 6 units).

The alternative to a requirement is a financial contribution from all development, whatever its scale. Where specified in a plan, financial contributions can be imposed to avoid, remedy or mitigate adverse effects of activities, or to achieve specified outcomes associated with sustainable management of resources. Contributions can be in the form of cash, land or a combination of cash and land. An advantage of a financial contribution approach would be that it could be levied on all residential development over a certain minimum value or size, thereby avoiding most boundary effects. The issues associated with financial contributions are discussed further in the next section.

An affordable housing requirement could be built around a split fee-in-lieu / affordable unit contribution regime; for example for developments of 10 or more housing units, then 10% of units (or 1 unit out of a 10 unit development) must be an affordable unit. For developments involving less than 10 dwelling units, the contribution would be in the form of a financial contribution at a pro rata rate (for example a 6 unit development would pay a fee in lieu at a rate of 60% of the cost of providing an affordable unit).

Exclusions

IZ is aimed at residential development on the basis that mixed income communities provide a number of positive growth management benefits, while zoning decisions that provide for housing confer a degree of benefit to such developments, with that benefit reflected in higher land and property prices. On this basis, all forms of residential development that benefit from residential zoning should be included in any IZ scheme. However, there are a range of residential and related activities that may justify exclusion from any requirement on the basis of the activities providing alternative affordable housing choices.

The QLDC PDP defines a residential activity to mean the use of land and buildings by people for the purpose of permanent residential accommodation, including all associated accessory buildings,

[8] A Guide to Developing an Inclusionary Housing Program. Developed for: Acorn Institute Canada, Sept 2010.

recreational activities and the keeping of domestic livestock. For the purposes of this definition, residential activity includes Community Housing, emergency refuge accommodation and the non-commercial use of holiday homes. Visitor accommodation, residential visitor accommodation and homestays are excluded.

In turn a residential unit means a residential activity which consists of a single, self-contained household unit whether of one or more people.

Clearly stand-alone dwellings, terrace houses and apartments fall within these definitions. There are a range of residential activities that do not necessarily involve residential units as defined, but which may have affordability benefits. Any affordable housing scheme should be explicit as to whether these other types of residential development should be subject to the requirement or contribution.

Possible exclusions from any IZ requirement include:

- Housing developments that share common facilities, (e.g. lodges, boarding houses)
- Retirement villages
- Developments undertaken by Registered Community Housing Providers (such as the Queenstown Lakes Community Housing Trust or Kāinga Ora)
- Minor household unit / granny flat/tiny houses.

It is also necessary to consider whether Residential Visitor Accommodation should be included, even though for District Plan purposes, it is not defined as a Residential activity.

Reasons for and against specific exclusions include:

- Boarding houses, lodges and student accommodation units that share common cooking and dining facilities generally seek to offer less costly accommodation, often on a temporary basis. Rooms in such developments may not be considered to be separate residential units. For example, boarding houses are defined by section 66B of the Residential Tenancies Act 1986 to be residential premises containing 1 or more boarding rooms along with facilities for communal use by the tenants of the boarding house. The proposed district plan QLDC does not facilitate these types of activities in residential zones, but they are possible in commercial areas.

- Retirement villages (under the Retirement Villages Act) offer a specific housing product that does not involve the creation of separately owned lots and dwelling units. However, independent living units can be provided in a retirement village development, along with supported care type facilities. The independent living units are similar to residential units and can benefit from a residential zoning. In the case of QLD, two retirement village developments have offered affordable housing contributions. Supported residential care facilities are facilities like 'rest homes' that provide accommodation and full-time care for the aged. A rest home is defined in section 58(4) of the Health and Disability Services (Safety) Act 2001. Supported residential care units should not be included, but there is justification for independent living units to be included.

- Housing developments that may be undertaken by Kāinga Ora and developments by a Registered Community Housing Provider will generally be aimed as delivering a range of housing products, including social and affordable housing. These should be excluded, provided that there are mechanisms in place to ensure retention of affordable units.

- Minor household units are a form of residential activity. They are generally limited in size and cannot be subdivided from the main unit. In the QLD context they are defined as residential flats, are a permitted activity and can be up to 70m² in area in urban zones and up to 150m² in the rural zones. They can provide for a form of affordable rental unit. 'Tiny houses' (such as houses less than 40 square metres in area and studio type apartment units) are a growing trend. They may be on a separate title and therefore can be classed as a separate residential unit. In a similar vein is studio or 1 bedroom apartments. Their small size is directly aimed at providing affordable living options to a sector of society and as such. Small dwelling units (less than 40 sqm) should be excluded.

In the QLD context, visitor accommodation is defined in two ways. Visitor Accommodation in the form of a hotel or backpackers is its own form of activity, and not defined as a residential activity. Residential Visitor Accommodation is a separate activity to that of Visitor Accommodation. Residential Visitor Accommodation means the use of a residential unit including a residential flat by paying guests where the length of stay by any guest is less than 90 nights. This covers activities such as Air BnB. If Residential Visitor Accommodation is excluded from any affordable housing requirement, then it is possible that residential units will be advanced on the basis of being Residential Visitor Accommodation and not be subject to any requirement or contribution.

In summary, it is recommended that:

- Independent living units within retirement village developments be included in any Inclusionary zoning requirement, along with residential visitor accommodation units.

Exclusions should cover the following sub types of residential activities:

- Boarding houses, lodges and student accommodation and similar co living arrangements that do not involve separate residential units for occupiers
- Managed care units in retirement villages and rest homes
- Small household units (self contained houses apartments less than 40sqm in net floor area)
- Affordable housing delivered by Kāinga Ora and Registered Community Housing Providers that have appropriate retention mechanisms in place.

Requirement / Contribution level

Under some IZ programmes, all eligible residential developments above a trigger level are required to provide the same fixed percentage of the total units as affordable units. In other cases, the requirement is determined on a case-by-case basis.

US evidence is that 'fixed 'contributions ranging from 10% up to 20% of dwellings being affordable have been proven to be acceptable in many jurisdictions[9]. In the UK, in major metropolitan centres, affordable housing requirements can extend to 30 to 50% of dwelling units, but each case is negotiated.

[9] Inclusionary Housing Program Design Worksheet. Sourced from https://inclusionaryhousing.org/

Setting the contribution rate can involve modelling of the financial feasibility of different types of developments, consideration of demand for affordable dwelling as well as issues of practicality.

In principle, any affordable housing requirement should be based on a prescribed and fixed "below market" price or rent. A "below-market" price or rental is one that is likely to be substantially below the lowest market price or rent for the equivalent new unit.

For example, Quotable Value NZ data suggests that sections in Queenstown are in the order of $400,000 to $450,000; while houses in Lakes Hayes Estate and Shotover Country sell for up to $1,000,000. The land component is approaching 50% of the total cost (land plus house).

Typically, inclusionary zoning aims to provide housing that is affordable to households on 80% to 120% of area median household incomes. These units have to be sold or rented to qualifying households; that is households that meet income and asset criteria.

In the case of QLD, with an estimated median household income of around $110,000 an affordable home may need to be sold at between $500,000 to $550,000 to be affordable to a household on 80% of the median income. At this price, assuming 20% deposit, then approximately 35% of the households gross income is required to cover mortgage repayments.

It is important to understand that in most IZ schemes, the affordable unit is still sold by a developer, albeit at a below market rate. The house may be sold to a Community Housing Provider or brought by a household that meets income criteria.

Affordable housing schemes that operate in the form of a financial contribution (or offer this as an alternative) generally base the financial contribution on a monetary value that is similar to the requirement. For example, if the requirement is that 2 lots to be sold at $250,000 each rather than a market rate of $350,000, then the financial contribution is equal to the difference (i.e. $200,000; being two times the $100,000 difference between $350,000 and $250,000).

Responding to demand

Starting with demand, setting the requirement rate is not necessarily tied to demand, in that demand for affordable units may well exceed what is a reasonable contribution from development. Moreover, IZ programmes typically seek to address specific market sectors. For example, they may target key workers (workers like police, teachers, medical) who are important to the sustainable functioning of a community, or schemes may target moderate income households on the basis of other government programmes and support for low income households (for example targeting households on 80 to 100% of median household income).

The 2017 QLDC housing capacity assessment identified that estimated net shortfalls in the five lowest dwelling value bands (houses below $880,000) over the period 2016 to 2046 represent 2,460 dwellings under a medium growth scenario. For dwellings below $600,000, estimated demand between 2016 and 2046 is in the order of 5,400 dwellings, yet supply based on current trends may not deliver more than 3,800 dwellings, leaving a shortfall of 1,600 dwellings. Should high growth resume, then by 2046 the shortfall for under $600,000 dwellings could be in the order of 2,400 dwellings[10].

[10] Page 230, 2017 Housing Capacity

The 2019 Housing Needs Assessment considered the vulnerability of households to economic conditions, such as increased costs of living. In 2018, 12% of households were estimated to be in the two most vulnerable bands (out of 9 bands). If this proportion continues to 2048, then a further 1,900 households will be added to this category[11].

The 2017 Mayoral Taskforce supported further work being done that explores how a rate of contribution could be set that would see the goals of the Taskforce achieved. These being 1,000 affordable homes by 2028, as well as the 2048 goal of all of the district's workforce being able to own or occupy a home the district at a cost that allows them to live within their means. For the short term, delivering 1,000 affordable homes in next 10 years is roughly 20% of the total of 5,000 homes required in that period.

Based on the above, affordable housing demand is in the order of at least 2,000 dwellings over the next 30 years.

Development feasibility

Consideration of the impact of any requirement or contribution on feasibility of development can involve consideration of the following matters:

- General assessment
- Screening tool
- Case studies.

The key issue to determine is whether a requirement or contribution is likely to deter needed housing development. In particular is whether costs of meeting a requirement or contribution are likely to be absorbed by development, passed forward to other home owners, or backwards to landowners of undeveloped land. Passed forward, the IZ requirement may raise house prices, deterring some buyers; passed backyards, the requirement may deter some land supply options from being actioned. If absorbed by the developer, this may see them not take on more marginal projects.

General assessment

At a general level, Queenstown Lakes Districts' track record with affordable housing is relevant in this regard:

- Historical plan changes have seen a voluntary contribution rate of 5% of lots transferred to the Council become established.
- Special Housing Areas initially required a 5% affordable housing contribution to be provided This was amended to 10% in 2018. QLDC data shows that the contribution is based on lots transferred to the Council (although some SHAs allowed for contribution of cash, lots or lots and house packages).
- In other cases, developments have incorporated 'worker housing'.

[11] QLDC Housing Needs Assessment, 2017, page 6

These examples have generally involved land that is being converted from rural to urban use. In general, there is considerable value uplift in the process of zone changes. This value uplift has helped to absorb the costs of the affordable housing requirements.

The addition of some form of contribution or requirement onto land already zoned for housing raises a number of issues. A requirement will be perceived to add costs and risks. Increased risks arise from uncertainty over the sale of the affordable lots or houses and the implications for the behaviour of buyers of market rate housing in the development. Costs may not be able to passed backwards.

Experience to date suggests that the risks to a development are not seen to be great, within the QLD context of strong growth pressures. Affordable housing is generally seen to be directed to the needs of working households that need assistance, while the Queenstown Lakes Housing Trust is seen to be an effective method of compliance with the requirements (that is, delivery of the affordable housing). The provision of affordable lots within a development is not seen to create a stigma on the rest of a development.

In terms of development feasibility, the generally rising market of the past 10 or so years has meant that developers have often be able to absorb the costs of the requirement, provided it is in the range of 5 to 10% of lots or units.

Screening test: MBIE development feasibility tool

The MBIE development feasibility tool (developed for the National Policy Statement on Urban Development Capacity) provides one tool to assess the financial feasibility of different development forms[12]. See Appendix One for a copy of the excel worksheets used in the analysis below.

This is an 'off-the-shelf' tool that is based on standard industry assessments of development feasibility. The MBIE model is described as being an open source spreadsheet model which can be used to estimate the feasibility of land or building development in local areas.

Users can adjust the inputs and add or delete columns or rows to meet their needs. Local data can be inputted into the model to reflect local revenue and cost factors. This tool has been used to run some initial simulations of the impact of affordable housing contributions.

The analysis is necessarily at a high level and very dependent upon the assumptions around land values. The model is very sensitive to changed assumptions relating to other factors like civil costs and contingencies.

It is also important to understand that the model is a static model. The value of the development block assumed in the scenarios is 'fixed' and does not vary depending upon possible returns or

[12] Sourced from: https://www.hud.govt.nz/urban-development/national-policy-statement-on-urban-development-capacity-nps-udc/guidance-for-local-authorities-on-the-nps-udc/

possible costs. As discussed in the next section, these limitations mean that the tool is not an accurate valuation of a development proposal. It is at best a screening type tool.

For a greenfields scenario, the MBIE land development model has been used. The following basic assumptions have been used (as of mid 2020):

(i) 10 ha lot assumed to be zoned residential
(ii) Block land value of $10,000,000
(iii) Approximate per section costs (civil, design, fees and charges) of between $135,000 and $163,000 depending upon density
(iv) Development contribution of $30,000 per lot (included in (iii))
(v) 8% cost of capital
(vi) Sale values of $300,000 for a 350m^2 section (inclusive GST)
(vii) Development time – 36 months.

The value for the 10ha lot is a nominal value of $1 million per hectare.

The MBIE spreadsheet model has three different "contingency' fields. These are for civil works, fees and charges and overall project costs. For the purposes of this exercise, these different contingency allocations have been collapsed into one project contingency of 10%.

Based on the MBIE model, with no affordable housing requirement and assuming a 'standard' profit/loss allowance of 20% for developer's margin, then the model provides the following assessment of feasibility, across five different density scenarios.

Table 2 : MBIE development feasibility screening – greenfields subdivision

Net Density (lots per ha)	20 (average lot size = 500m^2)	23 (average lot size 444m^2)	25 (average lot size 400m^2)	28 (average lot size 364m^2)	30 (average lot size 333m^2)
Feasibility – no requirement	Yes	Yes	Yes	Yes	Yes

If an affordable housing requirement is then added, whereby 5% of the lots must be sold at an affordable price of $250,000 [13] then the pattern of feasibility remains the same, although revenue does fall compared to the 'without-a-requirement' case. However, profit/risk remains above 20%.

[13] And sold with a retention mechanism

Table 3 MBIE development feasibility screening – greenfields subdivision

Density (lots per ha)	20	23	25	28	30
Feasibility – no contribution	Yes	Yes	Yes	Yes	Yes
Feasibility – 5% lots are affordable	Yes	Yes	Yes	Yes	Yes

This exercise can be repeated for contribution levels of 10, 15 and 20% of lots sold at an affordable price. See Table 4:

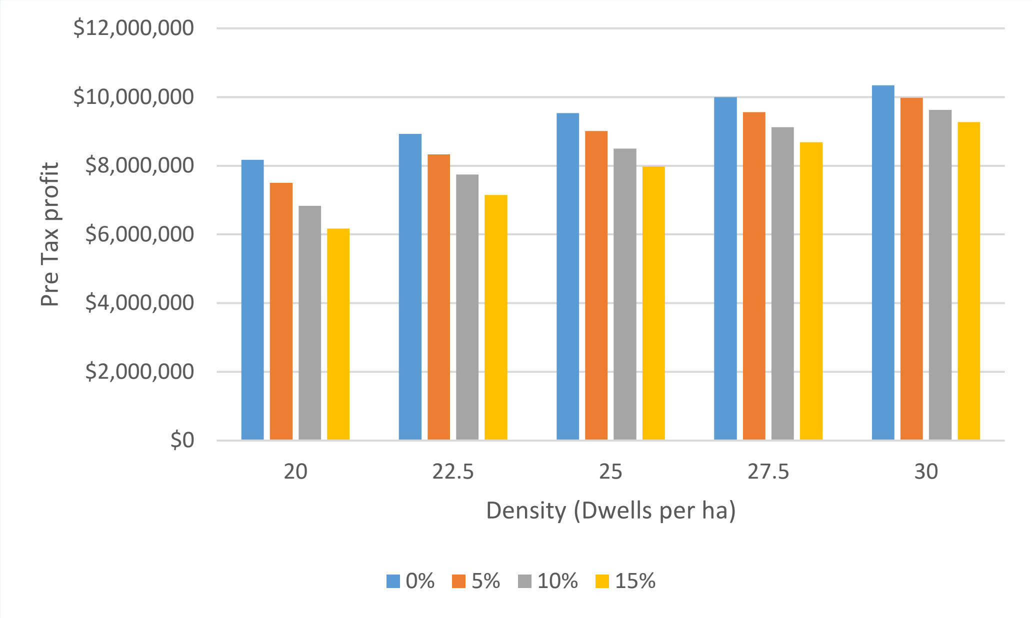
Table 4: Screening tool: different levels of requirement and development density

Density (lots per ha)	20	23	25	28	30
Feasibility – no contribution	Yes	Yes	Yes	Yes	Yes
5% lots are affordable	Yes	Yes	Yes	Yes	Yes
10% lots are affordable	No	Yes	Yes	Yes	Yes
15% lots are affordable	No	No	Yes	Yes	Yes
20% lots are affordable	No	No	No	Yes	Yes

As the affordable housing requirement increases, then a number of development scenarios become infeasible.

The following chart (Figure 4) displays the calculated pre tax profit under these different density and requirement scenarios. A pre tax profit of approximately $7.5 million is needed to justify the costs of land purchase, expenditure on works, fees and charges etc and associated risks, for all the scenarios.

Figure 1: Impact on pre-tax profit of different requirement levels



The above simple calculations suggest that a requirement of 10% to 15% of lots sold at an affordable price will be unlikely to make medium density subdivision unviable, but may make lower density subdivisions less viable.

Turning to the situation where a financial contribution is made to the Council involving land or money, a 5% contribution (transfer of 5% of completed lots at no cost to the Council) would see a contribution roughly equal to 15% of lots being sold at an affordable price.

Table 5 shows the expected profit margin with no requirement, with a requirement for 15% of lots to be sold at an affordable price and with a requirement for 5% of lots to be transferred at no cost to the Council, across the density ranges.

Table 5: Impact on Pre Tax profit: 15% affordable versus 5% transferred

Density of development (dwellings per ha)	20	23	25	28	30
Pre tax profit margin: No contribution	23.6%	25.0%	25.9%	26.5%	26.7%
Pre-tax profit margin, 15% sold at an affordable price	17.8%	20.0%	21.7%	23.0%	23.9%
Pre tax profit margin: 5% of lots transferred	17.4%	18.7%	19.6%	20.1%	20.3%

For the 25 dwellings per ha scenario, the MBIE model suggests that pre tax profit would fall by around $2.3m under the 5% contribution scenario, compared to the without contribution scenario. This is equal to a ‘per lot contribution’ of $14,000. See Table 6.

Table 6: Model outputs: With 5% transfer of lots compared to no contribution

Density of Development	20	23	25	28	30
Reduction in profit	$2,141,954	$2,233,704	$2,315,536	$2,388,726	$2,454,270
Number of lots	136	151	165	179	193
Per lot 'contribution'	$ 15,779	$14,817	$ 14,007	$13,312	$12,708

However, as noted the screening tool is very sensitive to changed assumptions. Sensitivity testing indicates the extent to which assumptions can vary before alternative outputs are generated. For example, based on the model, a block land value of $12m results in no forms of development being viable, unless land and house prices rise. In the above scenario of a 5% contribution rate, the value of the development block would need to reduce to make the development viable.

Brownfields

Turning to brownfields development, a number of development types are possible, such as infill development (add a unit) to redevelopment involving terrace houses or apartments.

In all cases sales values vary, along with construction costs. Based on Building Permit data for Q3, 2019 as well as QV data on median sales values for QLDC, the following assumptions have been made as set out in Table 7.

Table 7: Brownfields assumptions

Type of development	Average sale value (1)	Average cost of construction per square metre (2)	Average floor area - new build (3)	Average sale value per square metre (4)
Houses	$971,000	$2,972	223	$4,362
Town Houses	$751,000	$2,495	111	$6,760
Apartments	$672,000	$3,288	71	$9,502

Notes

(1) Data from Quotable Value NZ for QLDC as a whole, Feb 2020
(2) Data from Building Permits issued for last 12 months
(3) Data from Building Permits
(4) Sale value (1) divided by floor area (2).
(5) Development contributions of $15,000 per dwelling have been assumed, based on QLDC development contributions calculator.

Table 8 presents the results of the development scenarios, with no affordable housing requirement or contribution in place.

Table 8: Base scenario -no affordable housing requirement

Requirement / development type	Small terrace	Larger terrace	Apartment 2-3 storeys	Apartment 4 storeys	Apartment 6 storeys
Site size (m^2)	800	1,500	1,500	1,500	1,500
Number of units	5	12	17	30	51
Profit margin (% of costs)	11.2%	16.8%	21.1%	21.5%	15.5%

The MBIE Screening tool uses a 20% profit/risk margin for both greenfields and brownfields developments as a measure of feasibility. This assumption may not hold true for brownfields, as discussed in the next section.

Based on the MBIE model and the assumptions used, any form of terrace development may not viable at a 20% profit and risk margin. Neither is a larger apartment development.

If a contribution is then introduced, either in the form of the sale of a percentage of units at an affordable price, or a financial contribution based on a percentage of the value of the new units, then in all cases, profit margin is below the 20% mark.

The following graph (Figure 5) shows the relative decline in profit/loss margin as the contribution increases.

Figure 2: MBIE screening tool, pre tax profit margin under different development scenarios

The sensitivity testing would suggest that a financial contribution in the order of 2% of the sale value of the units (land and improvements) results in a similar contribution to 5% of lots being sold at an affordable price for the mid range densities. Table 9 shows the estimated contribution on a per unit or per square metre basis. For example, for the small terrace scenario, pre tax profit falls from $377,000 under the no requirement scenario, to $296,000 under the 5% sold at an affordable price scenario. This is a reduction of $81,000m which if then spread across the units in the development, equals a per unit rate of $16,000.

Table 9: Requirement versus contribution: contribution per unit or per square metre of floorspace

Scenario	Measure	Small terrace	Larger terrace	Apartment 2-3 storeys	Apartment 4 storeys	Apartment 6 storeys
5% sold at an affordable price	Per unit	$16,087	$16,087	$14,130	$12,174	$8,043
2% of sales value contribution	Per unit	$16,435	$16,435	$15,652	$14,870	$13,217
5% sold at an affordable price	Per sqm	$115	$115	$141	$135	$101
2% contribution based on sales value	Per sqm	$117	$117	$157	$165	$165

The 4 and 6 storey apartment development options pay more under the 2% of gross value scenario than if 5% of units are sold at an affordable price. This is because of the relatively small difference between affordable prices for units and market prices. It may be necessary to 'cap' the contribution on a per square metre rate. At the other end of the scale – a small terrace housing development – the 2% contribution is similar to the 5% affordable option.

Testing: Case Studies

The above screening exercise presents a 'static', generic picture of the possible impacts of a requirement on development feasibility for greenfields or brownfields sites (where the impact of any requirement is 'absorbed' by the development). As discussed in the Issues and Options report there is debate as to whether costs would be absorbed by the development, passed forward to other lots or houses in a development, or passed back into land values.

Over time, the most likely outcome is for costs to be passed back into land values. The question then arises as to whether the impact on land values would suppress prices to the extent that landowners would not be willing to sell land to a developer.

To further understand impacts of any requirement on development, a residual land value analysis was undertaken on four hypothetical developments – two greenfields and two brownfields using up-to-date data. These test cases were prepared by Telfer Young[14]. See Appendix Two.

The residual land valuation method is described in the Telfer Young report as follows[15]:

> *The methodology requires the assessment of the gross realisation from section sales from which costs of sales (real estate commissions and legal expenses) are deducted followed by a deduction of profit and risk to arrive at an outlay. From the outlay development costs (including development and reserve contributions, advertising costs and interest) are deducted to derive a residual block value for the land, which is the sum a developer could afford to pay for the land for subdivision.*
>
> *The model can also be adopted for the brownfield development model. In this scenario the developer knows how much it will cost to acquire the land to be redeveloped given there is an active market for improved properties. Therefore, the key variable is what profit and risk is obtainable for undertaking the project.*

Greenfields

Queenstown

In Telfer Young's analysis of a hypothetical greenfields development of a nominal 11.6 ha block leads to a residual land value of $14,176,000, with no affordable housing requirement. This output is based on a range of assumptions about the costs to undertake the necessary works, and sale value

[14] Affordable Housing Project, June 2020. Telfer Young

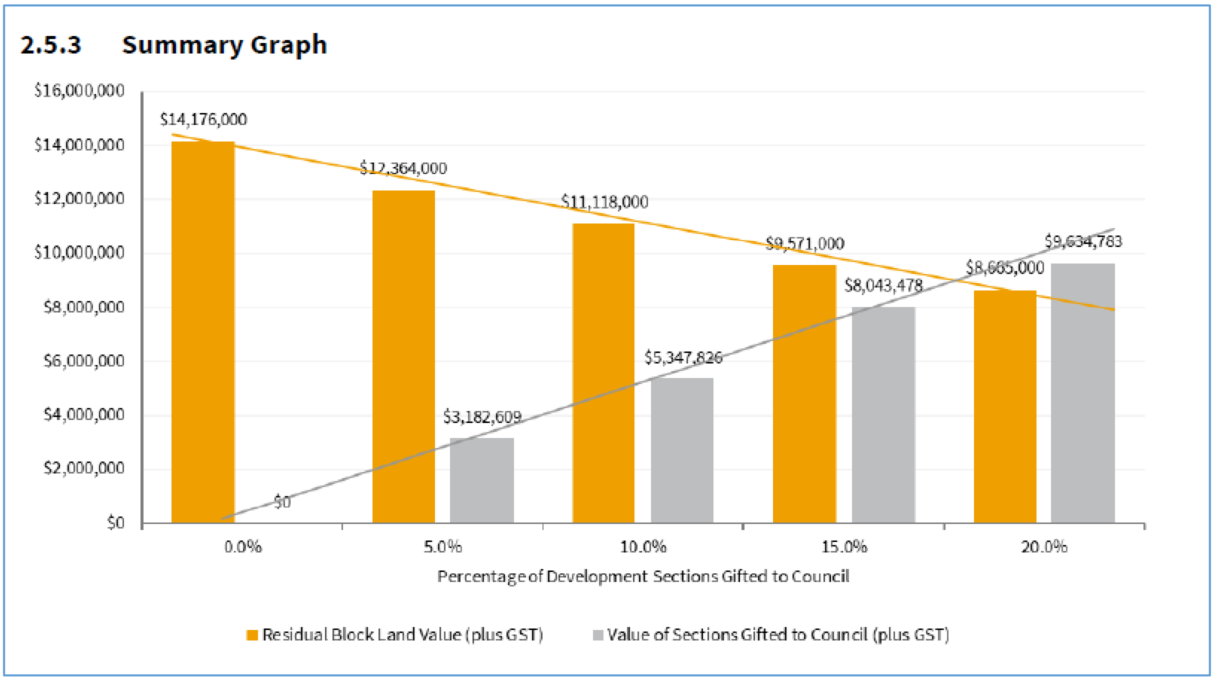
[15] Ibid, page 3

of the lots created. Average costs per lot (civil works, development contributions, sales and marketing etc) are in the order of $131,000. 177 lots are assumed.

These parameters are similar to the MBIE screening tool's '25 dwelling per hectare' scenario, which had 165 lots, and a per lot development cost of $146,000.

Figure 3 below is a copy of Figure 2.5.3 from the Telfer Young report[16]. It shows the impact on the residual land value of increasing levels of affordable housing contribution to the council.

Figure 3: Summary graph: residual land values and affordable lots gifted to Council



Should a requirement of 5% of lots be gifted to the Council as a financial contribution be put in place, then the residual value of the development block drops to $12,364,000. This represents a 12.8% reduction in residual value, or a reduction of $1.8m.

Averaged over the 177 lots, the $3,182,609 contribution equals $17,980 per lot.

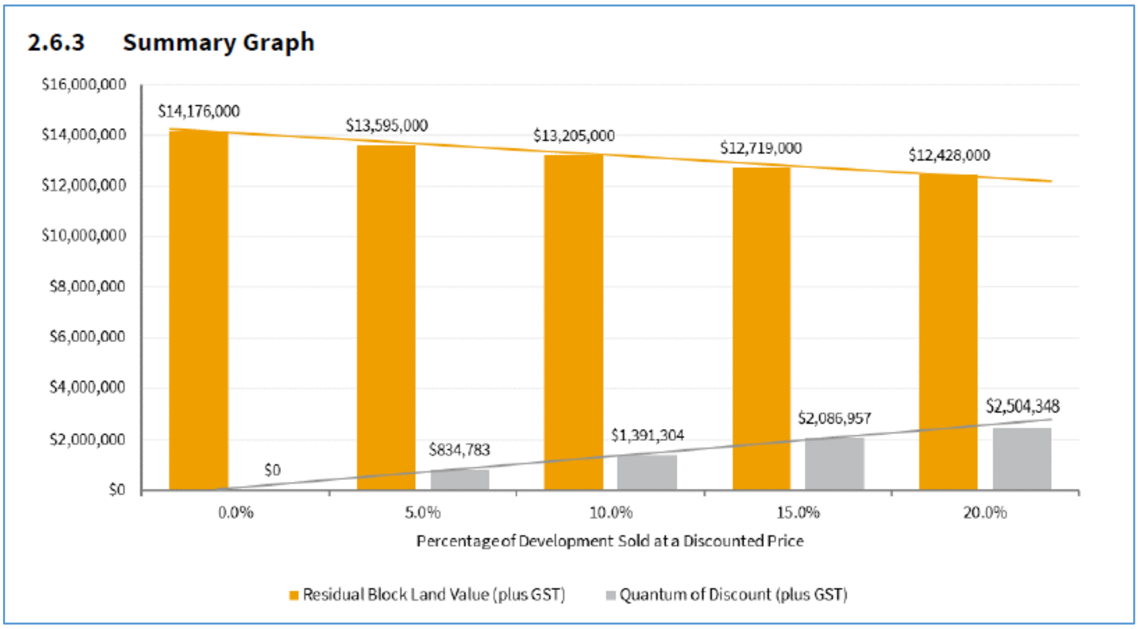
A requirement for a contribution of 10% of lots sees residual land value drop to $11,118,000, or a 21% reduction in value, compared to the 'no requirement' case

Should the requirement be in the form of the sale of lots at a reduced affordable price (ie sale at a discount to market prices) then the following figures are generated by Telfer Young's assessment[17]:

[16] Ibid, page 8

[17] Ibid page 9

Figure 4: Summary graph – residual land value and affordable lots



In this case the impact on residual value is less pronounced (but still present) due to the affordable sites still generating some revenue for the subdivider.

For example, 10% of lots sold at an affordable price reduces residual block land value from $14,176,000 to $13,205,000. A 15% affordable lot requirement is roughly equal in monetary terms to a transfer of 5% of lots to the Council.

Wanaka Greenfields

The same exercise has been completed for a hypothetical subdivision in Hāwea. In this case three scenarios were developed, based on a 10, 50 and 200 lot subdivision. The scenario was based on current lot sizes of around 480sqm with an average value of $300,000. The 200 lot subdivision involved a staged approach to the development, spread over 7 years.

In terms of the option of lots gifted to the Council at no cost to the Council, the following table lists the calculated reduction in residual land value of the 5% or 10% lot options, compared to the no requirement scenario.

Table 10: Reduction of residual land values: gifting of lots

Scenario (number of lots in subdivision)	5% of lots gifted	10% of lots gifted
10	-18.24%	-18.24%
50	-10.68%	-17.79%
200	-10.64%	-18.61%

The results are consistent with the Queenstown model previously discussed, while the results are also similar across the development scales.

If the option is to require lots to be sold at an affordable price, then the following reductions in block values are estimated:

Table 11: Impact on residual land values: sale of affordable lots

Scenario (Number of Lots)	15% lots affordable	20% lots affordable
10	-8.24%	-8.24%
50	-6.58%	-8.23%
200	-6.63%	-8.68%

A requirement that 15% to 20% of lots be sold at an affordable price has a similar impact on residual land values to that of 5% of lots being transferred to the Council.

Market Impacts

The Telfer Young report notes that the affordability options impact on the value of the land (primarily) and prior to the development commencing. The affordability measures typically have less impact on profitability because most developers enter a project with a pre-determined rate that they expect to make from the exercise and would therefore pay less to acquire the block at commencement.

The report does not state whether the estimated extent of reduction in possible land value would be sufficient for landowners to hold off selling the land. There are various ways to consider this potential effect on behaviour:

- Whether a landowner is willing to sell to a developer is partly dependent upon whether there are alternative offers for the land which do not involve the contribution (such as using the land for industrial activities). In general, residential land use will outbid industrial land uses and in the Queenstown context it is unlikely that there will be strong competition from alternative uses.
- The reduced residual land value is likely to be well above raw block value under a rural zoning (even if the land has re zoning potential).
- The reduction in residual value is a one off reduction, and in a rising property market, is likely to be overtaken in a few years by land price increases.
- The QLD has experienced a number of swings in property prices over the years. It is therefore not uncommon for the market to experience down turns, followed by resurgence. These down turns can be in the order of 15 to 20% and may slow development interest in the immediate period of the down turn, however long term, development interest soon returns. A down turn is often followed by a period of slow growth in values as the market re adjusts to the revised conditions.

Brownfields

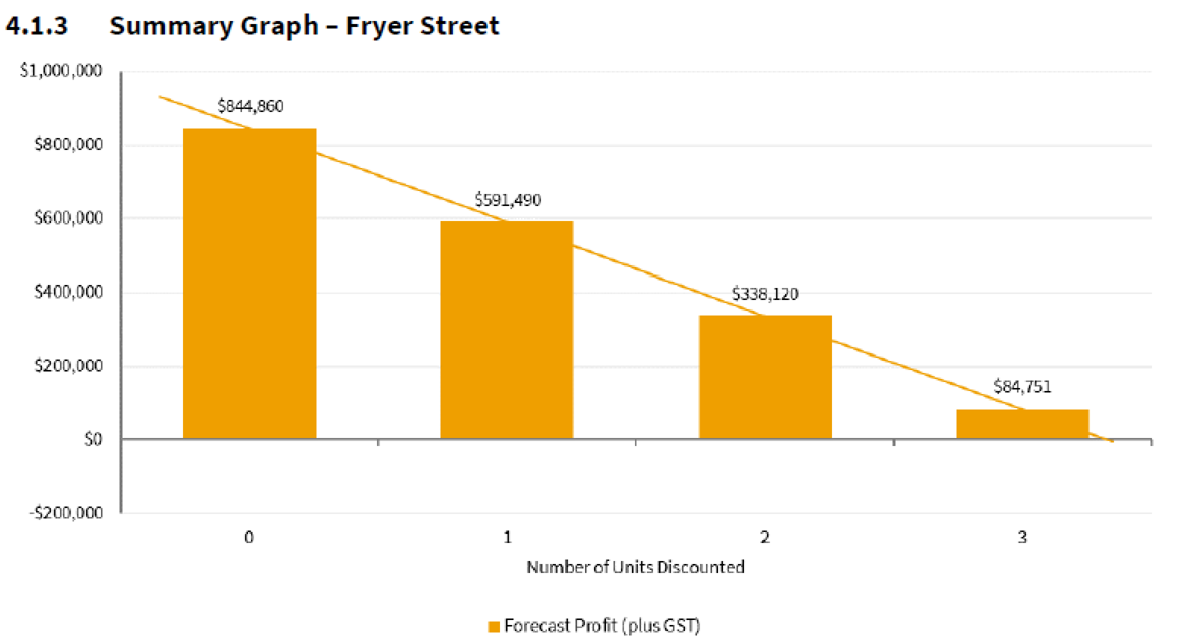
For brownfields development, the Telfer Young analysis notes that as all inputs into the development feasibility are known (such as land acquisition costs, construction costs, sale values) with the exception of profit and risk, residual land valuation is less pertinent to feasibility. More relevant is profit/risk margin. For context, Telfer Young note that a profit and risk rate ranging from 10 to 15% of costs is generally appropriate for development of medium density housing. This is less than for greenfields development, which is higher due to the increased risk associated with subdivision of land.

Telfer Young considered two brownfield sites in Queenstown the details of which are set out in their report.

Both of the hypothetical developments involve a 12 unit redevelopment, one near the centre of Queenstown, with units selling for a market value of $800,000 each, and one along Frankton Road, with units selling for $950,000.

Figure 5 below shows the impact on expected profit if one, two or three units are required to be sold at a more affordable value of $500,000 in the development closer to the CBD.

Figure 5: Copy of Summary graph - impact on profit, affordable units sold at discount



Note this analysis assumes that the units sold at a more affordable value are the same size as the market rate units. It is possible that the affordable units could be in the form of 2 one-bedroom units replacing one larger three bedroom unit, for example.

The sale of 1 unit at an affordable price in a development of 12 units represents a contribution rate of greater than 5%.

If the contribution was in the form of a financial contribution rather than discounted unit, then the following analysis is generated.

Figure 6: Summary table

4.3.2 Summary – Fryer Street

Description	Units Developed	Percentage of Gross Realisation - Affordable Homes Levy	Total Levy (plus GST basis)	Standard Value per Unit (incl GST)	Gross Realisation (incl GST)	Percentage Profit on Outlay	Profit on Outlay (plus GST)
Scenario H	12	0.0%	$0	$800,000	$9,600,000	11.65%	$844,860
Scenario I	12	2.5%	$208,696	$800,000	$9,600,000	8.34%	$623,432
Scenario J	12	5.0%	$417,391	$800,000	$9,600,000	5.23%	$402,004
Scenario K	12	7.5%	$626,087	$800,000	$9,600,000	2.28%	$180,576
Scenario L	12	10.0%	$834,783	$800,000	$9,600,000	-0.50%	-$40,851

In this case a 2.5% contribution on the value of the completed development has a similar impact on profit on outlay to a unit being sold at a discounted value.

The profit on outlay is below the 10 to 15% feasible development band under the 'with requirement' scenarios (8.34% for the 2.5% contribution scenario, or 8.16% profit if one unit is sold at a discounted price). The without any requirement scenario has a profit on outlay of 11.65%. This suggests that the contribution would make the redevelopment unviable.

The same exercise was undertaken for a site in Frankton Road. In this case, sales values of units are somewhat higher due to lake views. With no requirement, profit on outlay is just under 12%. If one unit is sold at a discounted prices, profit reduces to 7.7%. If a 2.5% contribution is applied, profit on outlay falls to 8.66%.

In both cases, the 2.5% contribution on sale price results in a substantial contribution (upwards of $200,000), or $17,400 per unit. The analysis suggests that the contribution may make such development commercially infeasible (at least until market conditions adjust to the requirement).

Sensitivity testing suggests that a 2% contribution on sale value results in a financial contribution in the order of $14,000 to$16,000 per unit. Profit /risk on outlay is in the order of 9.5%.

A 1.5% contribution on sales value results in a contribution of around $9,000 to $10,000 per unit.

Market impacts

The impacts on market feasibility of brownfields development are more complex than for greenfields. This is because the 'asking' price for brownfield development sites is set by the wider housing market. A financial contribution cannot be readily 'passed back' to land prices in this case. The effect of a brownfields contribution may see some projects delayed until market prices for houses rise to a point where redevelopment again becomes feasible.

In general, to be viable terrace and apartment-type housing needs to sell at a discount to stand alone houses in the same area. This discount may be in the order of 20% to 30% less, due to the smaller land area, smaller floor area and closer neighbours. Increasing the cost of brownfields development means that overall house prices may need to rise to re-establish market relativities.

This dynamic suggests that brownfields development must be treated differently to greenfields, with a lower rate of requirement applied than for greenfields.

Rural-Residential, Rural Lifestyle and Resort (Special) zones

No specific assessments have been undertaken of the possible impact of an affordable housing requirement or contribution on the feasibility of rural-residential, rural-lifestyle or residential development in resort zones.

In general land and house prices are very expensive in these areas. Rural-residential and rural lifestyle lots can easily fall in the $1m to $2m range. A similar contribution per lot as for greenfields development would be 1 to 1.5% of the value of the lots.

Conclusion: Feasibility testing

The above discussion of testing of some form of requirement or contribution has demonstrated some key points:

- Brownfields development is likely to be much more sensitive to the effects on feasibility of any contribution or requirement, than greenfields.
- The impact on greenfields development depends upon whether the reduction to residual land values is such that landowners withdraw their land from the development market.
- A requirement in the form of a financial contribution is likely to generate fewer affordable lots or units than a rule requiring a certain proportion of lots or units be sold at a (discounted) affordable level.

A requirement on greenfields development of either 15% lots sold at an affordable price or 5% lots transferred to the Council (for on-transfer to the Housing Trust) results in a similar impact on feasibility. Testing suggests that at or around this level of requirement or contribution is sustainable.

For brownfields development, any requirement or contribution needs to be at a lower level, recognising the sensitivities of this form of development. Options to address the sensitivities of brownfields developments could include:

a) Reduced the contribution rate compared to greenfields, e.g. 2% of the sales value of the development
b) Applying the contribution to improvements only (building work put in place), not to final sale value – which includes land value).
c) Calculating the contribution on the basis of the additional floorspace only, that is the net increase in floor area, and or units.

Quantum of lots or housing arising from requirement or contribution: possible Scenarios

Possible scenarios as to what number of affordable units may eventuate from any affordable housing provisions depends upon a range of assumptions as to what type of development is subject to the requirement, the requirement level, and the impact of this requirement on development patterns (for example, does it see some development not proceed).

In terms of demand for housing over the next 30 years, QLDC data estimates demand for 15,000 dwellings from resident households and up to 2,000 dwellings for non-residents, under a high growth scenario.

Table 12: Dwelling demand – QLDC

Demand	High Growth	
2018-48	Residents	15,120
	Non residents	1,810
	Total HH	16,930

Current (plan enabled) zone capacities provide space for up to 38,350 dwellings in greenfields and brownfields areas, based on Council's assessments. Rural zones add capacity for a further 3,400 dwellings.

Table 13: Zone capacities

Capacity - zonings	Dwellings	Percentage
Greenfields	1,8590	45%
Brownfields	19,760	47%
Rural	3,400	8%
Total	41,750	100%

Source: Housing Capacity Assessment

If it is assumed that over the next 30 years most housing growth will occur through expansion into greenfields areas, then the following generalised pattern may occur.

Table 14: Possible growth pattern

Scenario: Mostly Greenfields			
2018-2048	Type of growth	% of Growth	Dwellings
	Greenfields	65%	11,005
	Brownfields	30%	5,079
	Rural	5%	847
	total	100%	16,930

Requirement

Looking first at a requirement to provide units at an affordable price, it is necessary to first assume how much development may be subject to an affordable housing requirement. For example, it is reasonable to assume that most greenfields growth would involve subdivisions of 10 or more lots. Brownfields will involve a mix of smaller and larger developments. Table 15 sets out one set of assumptions as to what percentage of developments would be 'caught' by a requirement (i.e. be subject to the requirement).

Table 15: "eligible' development

Type of growth	% of growth within threshold	Number of lots/dwellings
Greenfields	80%	8,804
Brownfields	40%	2,032
Rural	20%	169

The 40% of brownfields units being in developments that trigger a requirement is an estimate only. That is, it is assumed that 40% of units are delivered through developments of 10 or more units.

If an IZ requirement is then applied to this 'pool' of development then the potential number of lots or units to be generated over a 30-year time period, all else being equal, can be determined as follows.

Table 16: Number of affordable lots/units

IZ Requirement: lots/units		% requirement	Number of units
Greenfields	Lots	10.0%	880
Brownfields	Units	5.0%	102
Rural	$$ equivalent	2.0%	4
Total			982

Financial Contribution

If rather than lots or units sold with a retention mechanism in accordance with the affordable housing requirement, the intention is that council solely seeks a financial contribution of land or units, targeted at most developments, then the feasibility calculations suggest the following:

Table 17: Lot/unit equivalents – broad-based financial contribution

Financial contribution		Rate	Estimated lots / units
Lots	Greenfields	5.0%	550
	Brownfields	2.0%	102

Floor area of units	Rural-residential	1.0%	13
Total			665

These steps can be repeated for a range of assumptions. For example, if there was more demand for brownfields redevelopment and as a consequence more developments involved 10 or more units, then the following range of outcomes might occur.

Table 18: Alternative scenarios

Mix of development	Mostly greenfields		Mixed greenfields / brownfields	
Contribution	Requirement	Contribution	Requirement	Contribution
Lots	880	550	542	339
Units	102	127	233	233
Total	982	677	775	571

In summary, the number of lots or dwelling units generated by the provisions will not be large in absolute terms, but will make a significant contribution towards the goal of 2,000 affordable homes. In addition, over time, a stock of affordable housing will be built up that can work alongside and complement a range of other actions including direct provision of social housing by the government, as well as a greater range of market rate housing option.

Requirement or Contribution?

Previous sections have discussed two main methods to implement an affordable housing policy:

- A physical requirement on development to incorporate and sell affordable lots and dwellings to eligible buyers; or
- A financial contribution to Council of money or land to be used for the provision of affordable housing by the Housing Trust.

To date in QLD, most stakeholder deed obligations and Special Housing Area requirements have been based on the transfer of lots to the QLCHT at nil consideration. That is, rather than the developer building a home to be sold at below market rates or a subdivider selling a lot at a reduced price, there is the transfer of land at no cost to the council, who then passes it to the QLCHT. Some house and land packages have been provided. With the demise of Special Housing Areas, in the future the transfer of land or units will need to be treated as a financial contribution under section 108 of the RMA. This raises a range of specific issues with financial contributions which are discussed below.

As discussed in the Issues and Options, physical requirements can take a variety of forms. For example, SHAs established in Auckland based a contribution on relative price (e.g. 10% of dwellings to be sold at 75% of median house price), which can be met by smaller houses on smaller lots. Purchasers must meet certain income requirements and must agree to hold the property for a period of time. This approach does not involve retention of the affordable unit for future buyers, rather relying upon the smaller house and section sizes for the dwelling to remain (over time) more affordable, relative to surrounding housing.

A requirement to sell a percentage of lots or units at a discounted (affordable) price will require a range of measures to be put in place to ensure:

- lots are sold at an affordable price
- a retention mechanism is included in the sale
- buyers must meet eligibility criteria
- there is some form of balloting or similar process to fairly allocate lots should demand exceed the number of lots to be sold at the reduced price.

Transfer of land at no cost to the QLCHT (or a house and land package or cash in lieu equivalent if that is negotiated) provides a convenient method for developers to meet obligations. Equally, the Trust does not have to have funding in place to purchase completed dwellings, even if sold at an affordable rate. The transfer of land is an accepted method in the QLD context and it is appropriate to build any method around a similar requirement.

While the current method of a contribution of land tends to suit greenfields development, it may not suit redevelopment involving new multi-unit developments, for example apartments.

Brownfields development will increasingly involve the redevelopment of existing sites, where a stand-alone house is demolished or removed, and new terrace units or apartments are built. This model of development does not lend itself to the transfer of land to the Council (and ultimately the Queenstown Lakes Community Housing Trust). In an apartment development, a separate bare land section is unlikely to be able to be identified and transferred. Similarly, with a terrace housing type development.

In addition to the limited ability to transfer lots, the size and type of units will vary in an apartment development (for example 1 or 2 bedroom units are common in apartment developments. Smaller studio units are also possible). In addition, in most brownfields developments a requirement to sell 10% of units at an affordable price point will result in a fractional amount (e.g. a 15 unit development requiring sale of 1.5 affordable units).

The most straight forward method is likely to base a monetary contribution on a percentage of residential floorspace in the development. For example, the requirement may be a financial contribution equal to 2.0% of the sale value of the development, rather than a percentage of units.

Ideally, the District Plan would specify a monetary value for the contribution, such as a rate per square metre. Otherwise, each development will require specific assessment of likely value.

Specific Issues: Financial contributions

The Councillors have expressed a preference for a financial contribution-based approach, and as outlined above there is a basis to use this technique in QLD. This approach suits the QLD context as the Housing Trust is present and has become an established mechanism to advance the supply of affordable housing. In the QLD context a financial contribution route is likely to be a more efficient and effective methods of implementing affordable housing objectives, than a requirement route.

There are a number of factors relevant to the decision to pursue a financial contribution-based approach.

The RMA provides scope for councils to impose a financial contribution on resource consents. Section 108 (2) (a) of the RMA specifies that a resource consent may include, subject to subsection (10), a condition requiring that a financial contribution be made.

Subsection 10 stipulates that a consent authority must not include a condition in a resource consent requiring a financial contribution unless:

> (a) the condition is imposed in accordance with the purposes specified in the plan or proposed plan (including the purpose of ensuring positive effects on the environment to offset any adverse effect); and
>
> (b) the level of contribution is determined in the manner described in the plan or proposed plan.

The jurisdiction in section 108 to impose conditions is not limited to the amelioration of adverse effects[18]. Rather, the requirement is that the purposes of the contribution are specified in the district plan in accordance with s108(10)(a) and there be a logical connection between the condition and the proposed activity.

The Environment Court[19] has listed a four-point process for considering the validity of financial contributions:

(i) Is the contribution imposed for a purpose specified in the Plan?
(ii) Has the level of contribution been determined in a manner described in the Plan?
(iii) Does the condition imposing the contribution satisfy the Newbury tests?
(iv) Is the condition fair and reasonable on its merits?

This means, to meet the requirements of s 108(10), a plan must in some way, either broadly descriptive or narrowly prescriptive, specify the method (in a non-technical sense) in which a financial contribution can be determined. The provisions cannot be left in a general policy[20].

The reference to the Newbury tests addresses standard tests for consent conditions. These are that:

- The condition must be for a resource management purpose, not for an ulterior one.
- The condition must fairly and reasonably relate to the development authorised by the consent to which the condition is attached.
- The condition must not be so unreasonable that no reasonable planning authority duly appreciating its statutory duties could have approved it.

Section 108AA has modified these tests to a degree. Section 108AA (1) states:

> *A consent authority must not include a condition in a resource consent for an activity unless—*

[18] McLennan v Marlborough DC W058/01.

[19] McNally v Manukau CC (2007) 13 ELRNZ 144 (EnvC).

[20] South Port New Zealand v Southland RC C091/02.

(a) the applicant for the resource consent agrees to the condition; or

(b) the condition is directly connected to 1 or both of the following:

(i) an adverse effect of the activity on the environment:

(ii) an applicable district or regional rule, or a national environmental standard; or

(c) the condition relates to administrative matters that are essential for the efficient implementation of the relevant resource consent.

An affordable housing financial contribution is covered by 108AA (1) (b) (ii). Furthermore, Section 108AA 5 states:

> *Nothing in this section affects* section *108(2)(a)* *(which enables a resource consent to include a condition requiring a financial contribution).*

This means that the first Newbury test is modified to the extent that so long as the condition relates to a matter specified in the District Plan, then it is reasonable to say the condition relates to a resource management purpose.

For a large greenfields subdivision, transfer of 5% of serviced lots to Council for use in the provision of affordable housing provides a clear benchmark and purpose. A monetary contribution rather than transfer can be readily determined, as the sales value of lots is easily obtainable.

For brownfields development, a contribution equal to 2% of the value of floorspace created is more difficult to prescribe in a way that is able to be met without substantial case-by-case assessments of sales values. One option is for the plan to adopt an average contribution rate per square metre of floorspace (i.e. a set $ per square metre). However, this benchmark would require constant updating to remain consistent with market movements. This would likely require regular plan changes.

For example, based on the Telfer Young Report and using the Fryer Street scenario, a requirement for one unit to be sold at an affordable price ($500,000 rather than $800,000) results in a reduction in gross realisation of 3%. If the financial contribution was set at 2% of gross realisation, this equals a contribution of $192,000 or $16,000 per unit. At 110 square metres per unit, this equals $150 per square metre. Using a single per square metre rate means that more expensive properties would have a relative benefit, while less expensive developments would have more of a disbenefit.

If the QLD Community Housing Trust is the sole beneficiary of any contribution, then a broad-based affordability scheme relies on the ability of the Trust to scale up its activities to match the amount of contributions obtained in order to ensure delivery of the affordable units. The integrity of the scheme wholly relies on the ability of the Trust to manage the development of the asset portfolio. There may also be concern that if the Trust is the sole arbiter of what contribution mix is appropriate - land versus money (as the Trust would need to agree to the mix), then this may ‘skew’ implementation of the scheme. However, this risk is mitigated to an extent by the Trust’s Relationship Agreement with the Council.

It may be necessary to provide for a number of implementation routes. For example, the rules could refer to a Registered Community Housing Provider approved by the QLDC as being the recipient of any contribution, rather than directly referring to the QLCHT. This would provide scope for other providers to receive contributions and deliver units, in the future. However as with the Housing Trust, there would have to be certainty over long term retention of the units created.

Specific Issues associated with a physical requirement

The alternative to a financial contribution - a development standard (or requirement) – raises a different set of issues to be addressed. These covers matters such as:

- Design standards
- Off-site provision
- Retention mechanisms.

Consideration of these matters raises the issue of whether all developments triggering a contribution will require resource consents to be prepared and processed so that affordable dwelling requirements (number, location and design) can be assessed, resolved and appropriately conditioned.

Design standards

Ideally the affordable lots or units should be similar in design and layout to the market rate units in the development. Depending upon the approach taken, standards or assessment criteria may be needed to address the following specific aspects of the affordable units:

• their minimum size/ floor space;

• their distribution and location.

Controls should prevent the affordable lots or units being segregated in a separate area, and preferably should require them to be inter-mixed and dispersed throughout the market units in a way that leaves the affordable units difficult to distinguish from market units. Where the contribution is in the form of a dwelling, consideration can be given to providing cost savings to the developers by allowing a different standard of interior finishes and amenities in the affordable units, provided that the standard is based upon acceptable building practices and the energy efficiency of the units is not compromised.

On site versus off-site

In principle, the affordable lots or units should be provided within the same site as the market units. However, there is usually pressure for an off-site contribution, either in the form of cash, or units located in less expensive areas. In some cases, Community Housing Providers may not wish to receive a lot or dwelling, due to factors like isolation or associated development costs required by private covenants.

Typically, affordable housing programmes allow for alternative means of meeting obligations, such as the following:

• payment of fees-in-lieu,

• construction of affordable units on another site,

• purchase of existing units and on-sale at a reduced, affordable price.

However, in the absence of policy on the use of these alternatives, few inclusionary units may actually be built, or they may be concentrated in certain areas, or inappropriately scattered. QLDC has a strong preference for obtaining a standardised contribution of a percentage of subdivided sections that are connected to roads and utility services, spread across neighbourhoods.

Retention

Maintaining affordability for future generations and avoiding windfall benefits for first occupiers are important factors.

In the US-based IZ programs, inclusionary ownership units are controlled almost universally through restrictive covenants registered on the title of the property. The covenants bind the initial as well as all subsequent owners to the various affordability restrictions over a prescribed period of control.

Some early schemes had a 'control period' of 30 years. After this time period had expired, then the retention mechanism is lifted. This resulted in the loss of the investment in affordable housing. More recently, retention in perpetuity is common, as otherwise the stock of affordable dwellings can decrease if the additions into the affordability housing 'pool' are fewer than the number of affordable units leaving the pool as their control period expires.

Through the covenants, the initial price reduction is locked in and passed on to the subsequent buyers, allowing for some suitable inflationary adjustment. This means that the owners of the unit do face limited capital gains.

In some places, this primary legal instrument is also supplemented by an "option to purchase‟. This option allows the Council (or perhaps Housing Trust) to buy the affordable units whenever offered for resale. They typically exercise this right, not by buying the unit, but by assigning the option either to a non-profit agency or to an eligible buyer on their waiting list.

Retention mechanisms based on some form of covenant on a title would be a new feature in the NZ housing market and may see some resistance from banks (for example when lending), or future buyers unsure as to the implications of the mechanism. For example, the retention mechanism narrows the pool of potential buyers and limits capital appreciation. Retention mechanisms will require the Council to monitor sales and purchase agreements.

Transfer of land to the QLCHT does involve on-going retention due to the term of the Relationship Agreement that the Trust has with Council.

Another option to avoid retention issues it to seek to control the size of the unit, rather than its cost. For example, a requirement that a percentage of units be one or two bedrooms, rather than all being three bedrooms. However, this approach does not necessarily deliver a unit that is affordable to households on below median incomes, particularly 'family' households. It may not result in a effective match between supply and demand.

Possible approach

Based on the discussion in this working paper and the Issues and Options paper, the following approach is suggested as a possible model for subsequent consideration and assessment as part of Section 32 reporting under the RMA.

Table 19: Possible approach

<table>
<tr><th>Development Type</th><th>District Plan provision</th><th>Notes</th></tr>
<tr><td>Large greenfields residential subdivision on land within a urban growth boundary or other residential zone, e.g. more than 20 lots created</td><td>5 - 10% of lots transferred to the Council at no cost. Option via consent to provide equivalent off-site or in the form of a monetary contribution</td><td>Preference for lots within the development is to support mixed communities across the district</td></tr>
<tr><td>Smaller residential subdivision, 3 to 19 lots, on land within urban growth boundary or other residential zone</td><td>5 - 10% of the value of the lots created to be provided as a monetary contribution to the Council. Value to be based on valuers report on likely sale value.</td><td>Contribution in form of money to be used for affordable housing.

Cut off of 2 lot subdivision recognises potential for smaller development to add to housing supply options</td></tr>
<tr><td>Rural Residential subdivision, Settlement or Special (Resort) zone subdivision of more than 2 residential lots</td><td>1 - 4% of value of lots created to be paid as a contribution</td><td>Contribution level recognises higher value of lots created. Contribution reflects that development does generate indirect demand for affordable housing</td></tr>
<tr><td>Residential development involving more than 2 dwelling units on a lot. Includes Residential Visitor Accommodation and independent living units in retirement villages</td><td>1 - 4% of the sale value of the additional units to be provided as a monetary contribution, or set amount per square metre of floorspace added.

Possible option for larger developments (e.g. more than 20 units) to provide contribution in the form of a unit or units, subject to consent</td><td rowspan="2">Aimed at brownfield type development. Lower rate reflects feasibility issues.

To avoid double dipping, if built on a lot for which a contribution has already been made a subdivision stage, then contribution would be reduced or not apply (i.e. a credit is recognised).</td></tr>
<tr><td>Residential development in Settlement, Resort and Rural-Residential zones</td><td>Set amount per square metre of floorspace added</td></tr>
<tr><td colspan="3">Exempt types of residential development:

• Small units – less than 40sqm
• Boarding houses, worker accommodation
• Managed care facilities in retirement villages
• Developments by Kāinga Ora / Community Housing providers</td></tr>
</table>

Affordable Housing (Indicative provision)

The following is a draft of possible amendments to the Operative and Proposed QLDC District Plans relating to affordable housing. The amendments have not been adopted by the Council. The following is provided as an 'exposure draft' to help elicit feedback.

Operative District Plan

Delete 4.10 Affordable and Community Housing.

Proposed District Plan

Insert the following into Chapter 3 Strategic Direction

3.2 Strategic Objective

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

<u>3.2.1.8 Affordable housing choices are provided so that a diverse and economically resilient community representative of all income groups is maintained into the future.</u>

Note: Existing Strategic Objectives 3.2.1.8 onwards to be renumbered.

3.3 Strategic Policies

<u>Affordable housing</u>

<u>3.3.38 Ensure affordable housing choices for low to moderate income households are incorporated into new neighbourhoods and settlements and in redevelopments of existing neighbourhoods.</u>

<u>3.3.39 Ensure that affordable housing provided in accordance with Policy 3.3.38 is retained to meet the long term needs of current and future generations of low to moderate income households.</u>

<u>3.3.40 Require from development and subdivision that has a residential component, the transfer of land or money to the Council as a financial contribution towards meeting Objective 3.2.1.7 and policy 3.3.38 and 3.3.39.</u>

40 <u>Affordable Housing</u>

<u>40.1 Purpose</u>

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

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

Affordable housing is where a low or moderate income household spends no more than 35% of their gross income on rent or mortgage (principal and interest) payments. In the Queenstown Lakes District, and for the purposes of these provisions, 100% of the District's Median Household Income for the most recent 12 months is used to define a low to moderate income.

The rules in this chapter apply to residential activity (subdivision and development). Provision is made for affordable housing through imposing as standard and as conditions of consent a requirement for a financial contribution to be made.

This Chapter sets out the purpose of a financial contribution, and the manner in which the level of contribution (i.e. the amount) is determined. A financial contribution taken by the Council is for a different purpose to any development contribution listed in the Council's current contributions policy and may be imposed in addition to a development contribution.

40.2 Objectives and Policies

40.2.1 Objective: Provision of affordable housing for low to moderate income households in a way and at a rate that assists with providing for social and economic well-being and managing natural and physical resources.

Policies

40.2.2 Target affordable housing contributions to residential subdivisions and developments (including Residential Visitor Accommodation and independent living units in retirement villages) where housing is in high demand and generally close to employment, educational and community services, being land within Urban Growth Boundaries, or where a plan change or resource consent seeks to establish urban scale development.

40.2.3 Require developments that indirectly influence housing choices for low to moderate income households, such as residential development in Resort, Special and Settlement zones and Rural Residential subdivisions to contribute to meeting affordable housing needs.

40.2.4 Recognise that the following forms of residential development provide affordable housing and should not be subject to the affordable housing contribution:

a) social or affordable housing delivered by Kāinga Ora, a publicly owned urban regeneration company, the Council or a registered community housing provider,

b) managed care units in a Retirement Village (as defined by the Retirement Villages Act 2003) or Rest Home (under the Health and Services Disability Act 2001)

c) Residential units less than 40m^2 in floor area), or

d) residential development in which rooms are individually let and cooking and living facilities are shared, such as boarding houses (as defined by the Residential Tenancies Act 1986).

40.2.5 Determine the amount of financial contributions in consideration of the following matters:

a) The longer term demand for affordable housing
b) The impact of a contribution on the commercial feasibility of development at an area-wide scale and over different time periods.
c) The differences in commercial feasibility between greenfields and brownfields urban development.

40.2.6 Financial contributions in the form of a monetary contribution are preferred. Contributions in the form of land should be of serviced lots located within larger developments. Contributions of lots located outside the development site should only occur where this leads to a superior outcome in terms of access to services and community facilities.

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

40.3 Other Provisions and Rules

40.3.1 District Wide

Attention is drawn to the following District Wide chapters.

1 Introduction	2 Definitions	3 Strategic Direction
4 Urban Development	5 Tangata Whenua	6 Landscapes
25 Earthworks	26 Historic Heritage	27 Subdivision
28 Natural Hazards	30 Energy and Utilities	31 Signs
32 Protected Trees	33 Indigenous Vegetation and Biodiversity	34 Wilding Exotic Trees
35 Temporary Activities and Relocated Buildings	36 Noise	37 Designations
39 Wāhi Tūpuna	Planning Maps	

40.4 Interpreting and Applying the Rules

40.4.1 The requirement in Rule 40.8 for affordable housing applies to any residential development that is located:

(a) inside the Urban Growth Boundaries as identified on the Proposed District Plan Maps, or

(b) outside the Urban Growth Boundaries but within:

(i) a Settlements Zones;

(ii) any Residential Zone;

(iii) in a Rural-Residential Zone; or

(Iv) Special Zone or Resort Zones.

40.4.2 Contributions of money from a subdivision activity must be paid to the council before the issue of a certificate under section 224(c) of the RMA. Where land forms part or all of a contribution, all necessary legal agreements to ensure implementation of such a contribution must be completed before the issue of a certificate under section 224(c) of the RMA.

40.4.3 Contributions of money from a land use activity must be paid to the council before the issue of the necessary building consents under the Building Act 2004. Where land forms part or all of a contribution, all necessary legal agreements to ensure implementation of such a contribution must be completed before the issue of the necessary building consents under the Building Act 2004.

40.4.4 Where relevant, the estimated sales value of lots, units or residential floorspace shall be determined by a valuation report prepared by a Registered Valuer (mutually agreed between the Council and applicant) within the 3 months prior to the financial contribution being paid.

40.4.5 The requirement in Rule 40.4.1 for affordable housing does not apply to any development that:

(a) will provide more than 10% of dwellings as social or affordable housing delivered by Kāinga Ora , a publicly owned urban regeneration company, the Council or a registered community housing provider that complies with the requirements of Schedule 40.1, or

(b) is a managed care unit in a Retirement Village or Rest Home (as defined by the Retirement Villages Act 2003 or the Health and Disability Act), or

(c) is a residential development in which multiple households share cooking facilities and living areas, such as boarding houses as defined by section 66B of the Residential Tenancies Act 1986, or

(d) Is located in a Zone that already contains affordable housing provisions in the district plan, or where previous agreements and affordable housing delivery with Council have satisfied objective 3.2.1.8 and policies 3.3.38 to 3.3.40.

40.4.6 For the purposes of this Chapter, residential floorspace is defined as any floorspace in a building that accommodates bedrooms, living areas, home offices, kitchen dining areas, and bathrooms and laundry facilities used for domestic activities and associated circulation spaces like hallways and entrance areas.

40.4.7 Where an activity does not comply with a standard listed in the standards tables, the activity status identified by the ‘Non-Compliance Status’ column shall apply. Where an activity breaches more than one Standard, the most restrictive status shall apply to the Activity.

40.4.8 For restricted discretionary activities, the Council shall restrict the exercise of its discretion to the matters listed in the rule.

40.4.9 These abbreviations are used in the following tables. Any activity which is not permitted (P) or prohibited (PR) requires resource consent.

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

40.7 Advice Notes - General

To be developed. Likely to refer to Council practice note.

40.8 Rules – Activities

	Table 45.4 – Activities - Affordable Housing	**Activity Status**
40.8.1	Subdivision or development that is proposed to contain residential lots or units (including residential visitor accommodation units) and provides an affordable housing financial contribution in accordance with standard 40.9.1.	P
40.8.2	Subdivision or development that is proposed to contain, or is capable of containing residential lots or units (including residential visitor accommodation units) and does not provide an affordable housing financial contribution in accordance with standard 40.9.1.	D

40.9 Rules - Standards

	Table 45.5 – Standards - Affordable Housing	**Non-compliance status**
40.9.1	An Affordable Housing Financial Contribution shall be provided to Council as follows: 1. Subdivisions: a. Residential subdivisions within urban growth boundaries or other Residential Zones outside urban growth boundaries, (i) resulting in more than 1 but less than 20 new lots: A monetary contribution shall be paid to the Council equal to 5 - 10% of the sales value of serviced lots.	D

	Table 45.5 – Standards - Affordable Housing	**Non-compliance status**
	(ii) resulting in 20 or more lots: 5 - 10% of serviced lots are transferred for no monetary or other consideration to the council. b. Residential subdivisions in a Settlement, Rural-Residential, Resort or Special zones: (i) A monetary contribution shall be paid to the Council equal to 1 - 4% of the sale value of the lots created. 2. Development: a. Residential floorspace for any new or relocated units on lots that have not been subject to a financial contribution under 1 (a) above: A monetary contribution shall be paid to the Council equal to the lesser of: (i) 2.0% of the estimated sale value of the additional units, or (ii) $150 per sqm of the net increase in gross residential floorspace. b. Residential floorspace for any new or relocated units on lots that have not been subject to a monetary contribution under 1 (b) above: A monetary contribution shall be paid to the Council equal to: (i) $75 per sqm of the net increase in gross residential floorspace c. For residential floorspace on lots that have provided a monetary contribution under 1(a) above, a 'top up' monetary contribution shall be paid to the council, equal to the lesser of: 1 - 4% % of the estimated sale value of the additional units, or $150 per sqm of the net increase in gross residential floorspace, and less the per lot contribution paid under 1(a) or (b). For the purposes of this standard, the following types of residential developments: a. residential units less than 40sqm in floor area b. managed care units in retirement villages and rest homes c. residential floorspace that is used to provide social or affordable housing delivered by Kāinga Ora, the Council, a publicly owned redevelopment agency, or a registered community housing provider that complies with Schedule 40.1 d. residential floorspace in boarding houses for the purposes of providing accommodation involving shared living and kitchen	

	Table 45.5 – Standards - Affordable Housing	**Non-compliance status**
	shall not be counted as contributing to the total number of residential units in a development, nor be counted towards fulfilling the requirement of 40.9.1.	
40.9.2	Affordable lots provided in accordance with 40.9.1 (a) (ii) shall be located within the development site.	D
40.9.3	Where development is to be staged, the affordable housing contribution is to be provided as each stage proceeds, on a proportionate lot basis.	D

40.10 Assessment Matters

40.10.1 Discretionary Activities

Council has full discretion but will shall consider the following but not be limited by:

40.10.1.1 The amount of the contribution

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

40.10.1.2 Lots versus monetary contribution

a. Whether the contribution is more appropriately provided in the form of money rather than land (lots) due to the location of the lots; their size and on-going high costs of upkeep
b. Whether there are advantages to community mix and affordable housing choices from transferring serviced lots or completed floorspace.

40.10.1.3 Off-site provisions

Affordable lots should be provided within the development site, however off-site locations may be considered for all or part of the requirement where:

c. there are exceptional reasons to avoid on-site provision, such as the site being poorly located for affordable provision, and/or

d. the alternative sites are in close proximity to the development (i.e. within 2kms) and offer a superior outcome in terms of improved access to services and transport and or improved mix of dwelling types. Particular consideration will be given to whether the off-site provision will better address priority needs, particularly family housing, and/or

e. the applicant has entered into a legally binding agreement with an Council approved community housing provider who can demonstrate that on-site provision will not meet their operational requirements and that an off-site location will deliver a superior outcome in terms of the number, mix and/or on-going management of the required retained affordable housing.

40.10.1.4 Staging of dwellings units and/or lots

a. Deferral of provision of affordable lots or units to subsequent stages should generally not occur.

b. Whether delayed delivery of the affordable dwellings or lots can be appropriately secured through a bond.

40.10.1.5 Alternative forms of contribution

a. Alternative forms of contribution to that specified in 40.9.1 (such as sale of lots or units to a Community Housing provider) should not result in a lesser contribution.

b. Transfer of lots or units should involve an appropriate retention mechanism and be subject to eligibility criteria (as specified in Schedule 40.1).

c. Alternative forms of contribution should only be considered where exceptional circumstances apply.

40.11 Schedule 40.1

Retention Mechanism

40.11.1.1 Where a financial contribution is not provided, and an alternative solution proposed, then the requirements in 40.9.1 must be met by the lot or floorspace being sold to an eligible buyer with a legally enforceable retention mechanism which is fair, transparent as to its intention and effect and registrable on the title of the property, including, but not limited to, a covenant supported by a memorandum of encumbrance registered on the certificate of title or consent notice under the RMA, that:

a. limits ownership and re-sale (including a future dwelling in the case of a vacant site subdivision) to:

(i) a registered community housing provider, Housing New Zealand or the council, or

(ii) an occupier who is approved by the council as meeting the eligibility criteria below, and

b. limits rent and resale to an eligible buyer based on a formula that ensures that the lot or dwelling remains affordable into the long term, including a future dwelling in the case of vacant site subdivision; and

c. prevents circumvention of the retention mechanism and provides for monitoring of the terms of the retention mechanism covenant or consent notice and the process should those terms be breached including where occupiers have defaulted on the mortgage and lenders seek to recover their interests in the property, and

d. is legally enforceable by the council in perpetuity through the means of an option to purchase in favour of the council at the price determined in accordance with (e), supported by a caveat.

e. at the time of resale, requires the reseller to:

apply the same formula used to determine the price of the original purchase;

allows the reseller to recover the cost of capital improvements made subsequent to purchase, approved by the council at a value determined by a registered valuer.

Eligibility

40.11.1.2 For the purposes of this Chapter an eligible buyer shall:

a. Be a household with a total income of no more than 120% of the District's median household income;

b. Whose members do not own or have interest in other property;

c. Reside permanently within the District during the majority of the year;

d. d. Will live at the address and not let or rent the unit to others; and

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

Affordability

40.11.1.3 Affordability means households who have an income of no more than 100% of the district's median household income and spend no more than 35 per cent of their gross income on rent or mortgage repayments, where:

a. median household income shall be determined by reference to Statistics New Zealand latest data, and as necessary, adjusted annually by the average wage inflation rate.

b. in the case of purchase, normal bank lending criteria shall apply, and shall at a minimum be based on a 10 per cent deposit, a 30 year loan term and the most recent 2 year fixed interest rate published by the Reserve Bank. Body Corporate or Resident Society fees may be included in the calculation of purchase costs;

c. In the case of the sale of a vacant site only, the site is sold at a price such that the resulting dwelling plus the site will meet the criteria set out above.

Memo

To:	Queenstown Lakes District Council
From:	Nick Whittington and Mitchell East
Date:	7 July 2021
Subject:	**Affordable housing – alternative mechanisms**

Introduction

1 Queenstown-Lakes District Council is considering incorporating affordable housing provisions to its proposed district plan.

2 You have asked us to provide advice on whether there are any alternative mechanisms that QLDC could use to address housing affordability issues in its district. We have considered whether housing affordability could be addressed via general or targeted rates under the Local Government (Rating) Act 2002 (**Rating Act**), by development contributions under the Local Government Act 2002 (**LGA**), through bylaws, or through partnership arrangements with central government.

3 We consider that QLDC would face significant difficulties addressing the district's affordable housing issues through any of these alternative mechanisms.

QLDC proposal

4 The key aspects of QLDC's affordable housing proposal are:

(a) QLDC is proposing to introduce district plan provisions with the objective of providing "affordable housing for low to moderate income households in a way and at a rate that assists with providing for social and economic well-being and managing natural and physical resources".

(b) Subdivision or development that is proposed to contain residential lots or units and which provides an affordable housing contribution in accordance with certain standards is a permitted activity. Otherwise, subdivision or development is a discretionary activity for which a resource consent is required.

(c) There are standards proposed for calculating the amount of an affordable housing contribution. Speaking generally, they require:

(i) Residential subdivisions (depending on the size and location) to provide a monetary contribution, calculated as a percentage of the sale value, to QLDC, or to provide a percentage of the serviced lots to QLDC for no consideration.

(ii) Developments that fall short of creating one new unit – in urban growth boundaries or other Residential Zones outside urban growth boundaries – to provide a monetary contribution (the lesser of two per cent of the estimated sale value or a fixed amount per square metre of the net increase in gross residential floorspace) to QLDC.

(iii) Developments that fall short of creating one new unit – in Settlement, Rural-Residential, Resort or Special Zones – to provide a monetary contribution (a fixed amount per square metre of the net increase in gross residential floorspace) to QLDC.

(iv) In some instances, residential subdivisions that have made a monetary contribution may have to provide a "top up" monetary contribution to QLDC for residential floorspace.

(d) The obligation to provide an affordable housing contribution to QLDC does not apply to certain types of specified development, such as any development that will provide more than 10 per cent of dwellings as social or affordable housing delivered by Kāinga Ora or any development that is a managed care unit in a rest home.

(e) Where a financial contribution is not provided and an alternative is not proposed then the requirement for an affordable housing contribution must be met by the lot or floorspace being to an eligible buyer with a legally enforceable retention mechanism "which is fair, transparent as to its intention and effect and registrable on the title of the property".

General or targeted rates

5 There are two key pieces of legislation relevant to QLDC's rating decisions. The LGA governs how local authorities make decisions, consult with their communities and manage their finances. The Rating Act determines liability for rates and prescribes a local authority's ability to set rates.

6 Rates are a particularly powerful local authority funding tool:

(a) The main purpose of the Rating Act is to promote the purpose of local government in the LGA by providing local authorities with flexible powers to set, assess, and collect rates to fund local government activities.[1]

(b) Rates typically comprise around 60 per cent of local authorities' income. It is by far the most dominant revenue stream and the one that local authorities have the most control and certainty over.[2]

(c) The Rating Act also seeks to ensure that rates are set in accordance with decisions that are made in a transparent and consultative manner. However, it is very difficult for parties to challenge local authority rating decisions. Courts will not interfere with a local authority rating decision unless the decision is found to be unreasonable, irrational or perverse in defiance of logic, such that Parliament could not have contemplated the decision being made by an elected council.[3]

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1 Rating Act, s 3.

2 *Costs and Funding of Local Government Report* Morrison Low for Department of Internal Affairs (July 2018) at page 1.

3 *Wellington City Council v Woolworths New Zealand Ltd (No 2)* [1996] 2 NZLR 537 (CA).

7 That the provision of affordable and social housing is within the purpose of local government is supported by the Local Government (Community Wellbeing) Amendment Act 2019 which restored the promotion of "social, economic, environment, and cultural wellbeing" to the statutory purpose of local government.

8 We consider that QLDC could use a proportion of its general rate to address affordable housing issues in its district. For example:

(a) QLDC could fund the provision of affordable housing in its district in the same way, for example, that some councils use rates revenue to purchase or maintain pensioner housing. However, given the shortfall of affordable housing in Queenstown, this would require a significant level of investment.

(b) As we understand the problem, there is sufficient residential land available for development within the district but the development community is not using that land to build houses in the affordable bracket. Rather, larger and more expensive dwellings are more profitable. QLDC could use a proportion of its general rates to build, or to subsidise developers through contracts to build, housing in the affordable price bracket to ensure that housing typologies that meet the needs of the district are built.

9 The Morrison Low Report into local authority funding identified that there are a range of significant challenges facing local authorities which are driving rates increases.[4] The report identified grave affordability issues with rates for some population groups. Against this background an increase in general rates to fund the provision of affordable housing (or compensate developers for lost profit on affordable housing) may not be palatable politically.

10 QLDC also has the power to set a targeted rate for activities or groups of activities if those activities or groups of activities are identified in its funding impact statement as the activities or groups of activities for which the targeted rate is to be set. Targeted rates may be set differentially for different categories of rateable land under s 17 of the Rating Act. The categories of rateable land are defined in terms of matters listed in Schedule 2 of the Rating Act. These relate to various characteristics of the land, the use to which land is put, and how it may be used under the RMA.[5]

11 We think that there would be additional difficulties with to levying a targeted rate to address affordable housing. It is unclear to us to whom QLDC would apply a targeted rate (ie to what land and how would this relate to the Schedule 2 matters). It seems to us that applying a targeted rate to residential land would not assist housing affordability and the costs would likely be passed on by developers. Alternatively, QLDC could seek to apply a targeted rate to industrial and commercial land on the basis that it generates employment, which it requires people to meet, and there is a need for housing to be affordable for those people.

12 To have either a general or targeted rate QLDC would need to identify the activity that the rates revenue is funding in the long term plan.

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4 *Costs and Funding of Local Government Report* Morrison Low for Department of Internal Affairs (July 2018). Department of Internal Affairs (the Government's lead advisor on the Productivity Commission Review) commissioned Morrison Low to provide a picture of local government finances now and into the future.

5 These are: the use to which the land is put, the activities that are permitted, controlled, or discretionary for the area in which the land is, the area of land within each rating unit, the provision or availability to the land of a service provided by, or on behalf of, the local authority, where the land is situated, the annual value of the land, the capital value of the land, the land value of the land.

Development contributions

13 We have considered whether QLDC could use funding obtained from development contributions to provide or subsidise affordable housing in its district.

14 The purpose of development contributions is to enable territorial authorities to recover from those persons undertaking development a fair, equitable and proportionate portion of the total cost of capital expenditure necessary to service growth over the long term.[6] A development contribution must be used for, or towards, the capital expenditure of the reserve, network infrastructure, or community infrastructure for which the contribution was required.[7]

15 Network infrastructure means the provision of roads and other transport, water, wastewater and stormwater collection and management.[8] Community infrastructure means land, or development assets on land, owned or controlled by the territorial authority for the purpose of providing public amenities, and includes land that the territorial authority will acquire for that purpose. [9]

16 We do not consider that affordable housing comes within the definitions of community infrastructure or network infrastructure. Accordingly QLDC has no power to require development contributions to address housing affordability issues in its district.

National Policy Statement on Urban Development 2020

17 Strictly speaking, the NPSUD is not an alternative mechanism for addressing affordable housing issues. As we set out below, QLDC is legally required to give effect to the NPSUD in preparing and changing its district plan. The NPSUD is designed to improve responsiveness and competitiveness of land development markets. It requires local authorities to open up development capacity to allow more homes to be built in response to demand.

18 There are a number of provisions in the NPSUD that, in some way, deal with affordable housing. Indeed, objectives 1 and 2 of the NPSUD directly (and indirectly) refer to affordable housing:

(a) **Objective 1**: New Zealand has well-functioning urban environments that enable all people and communities to provide for their social, economic, and cultural wellbeing, and for their health and safety, now and into the future.

(b) **Objective 2**: Planning decisions improve housing affordability by supporting competitive land and development markets.

19 "Well-functioning urban environments" is defined in Policy 1 as including "urban environments that, as a minimum … have or enable a variety of homes that meet the needs, in terms of type, price, and location, of different households".

20 In addition, subpart 5 of the NPSUD requires certain local authorities to prepare a Housing and Business Development Capacity Assessment (**HBA**) every three years. The purpose of an HBA, among other things, is to provide information on the demand and supply of housing and of business land in the relevant urban environment, and the impact of planning and infrastructure decisions of the relevant local authorities on that demand and supply. Every

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6 LGA 2002, s 197AA.

7 LGA 2002, s 204.

8 LGA 2002, s 197.

9 LGA 2002, s 197.

HBA must include analysis of how the relevant local authority's planning decisions and provision of infrastructure affects the affordability and competitiveness of the local housing market. In effect, the HBA provides the evidence on which local authorities are expected to make planning decisions about affordable housing in their districts.

21 A district plan must "give effect to" a national policy statement, including the NPSUD.[10] The Supreme Court has said that "give effect to" simply means "implement".[11] The phrase is a "strong directive, creating a firm obligation on the part of those subject to it".[12] The effect of this requirement means it is not open to QLDC to simply ignore the terms of the NPSUD, particularly as the NPSUD is expressed in directive terms.

22 Our view is that the NPSUD appears to expressly authorise, and perhaps even require, a planning approach that ensures houses are built with certain typology or price (ie affordable) characteristics and which target different household needs. Inclusionary zoning can be used as a tool to provide homes of different types and prices. So inclusionary zoning can be seen as a mechanism for giving effect to the NPSUD.

Bylaws

23 Other jurisdictions have regulated affordable housing policies by implementing bylaws. We have considered whether New Zealand legislation would enable QLDC to enact an affordable housing bylaw.

24 A number of statutes in New Zealand enable local authorities to make local bylaws in certain circumstances to regulate problems within certain topics or matters. Any new bylaw must be within the scope of the empowering provisions that allow the Council to make the bylaw.

25 We do not consider that a bylaw regulating the provision of affordable housing would fit within any of the existing topics or matters for which bylaws are allowed.

Partnership with central government

26 We have also considered whether QLDC may be able to address affordable housing issues by partnering with central government or iwi to provide affordable houses in its district.

27 The Local Government (Community Wellbeing) Amendment Act 2019 restored the promotion of "social, economic, environmental, and cultural well-being of communities" to the purpose of local government. That purpose also requires a focus on intergenerational interests as it refers to promoting well-being "in the present and for the future".

28 Shortly after the introduction of the 2019 Amendment Act, the then Minister of Local Government released a Cabinet Paper titled, "Working with Local Government on Community Well-being".[13] That Paper invited the Minister, working collaboratively with local government, to explore policy, regulatory and non-regulatory options that ensure local authorities and communities set specific priorities for intergenerational well-being and increase the role of community well-being priorities in guiding local authority planning and decision making.

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[10] Resource Management Act 1991, s 75(3)(a).

[11] *Environmental Defence Society Inc v The New Zealand King Salmon Co Ltd* [2014] NZSC 38, [2014] 1 NZLR 593

[12] At [77].

[13] Cabinet Office Paper "Working with Local Government on Community Well-being" (19 August 2019) CAB 19/97.

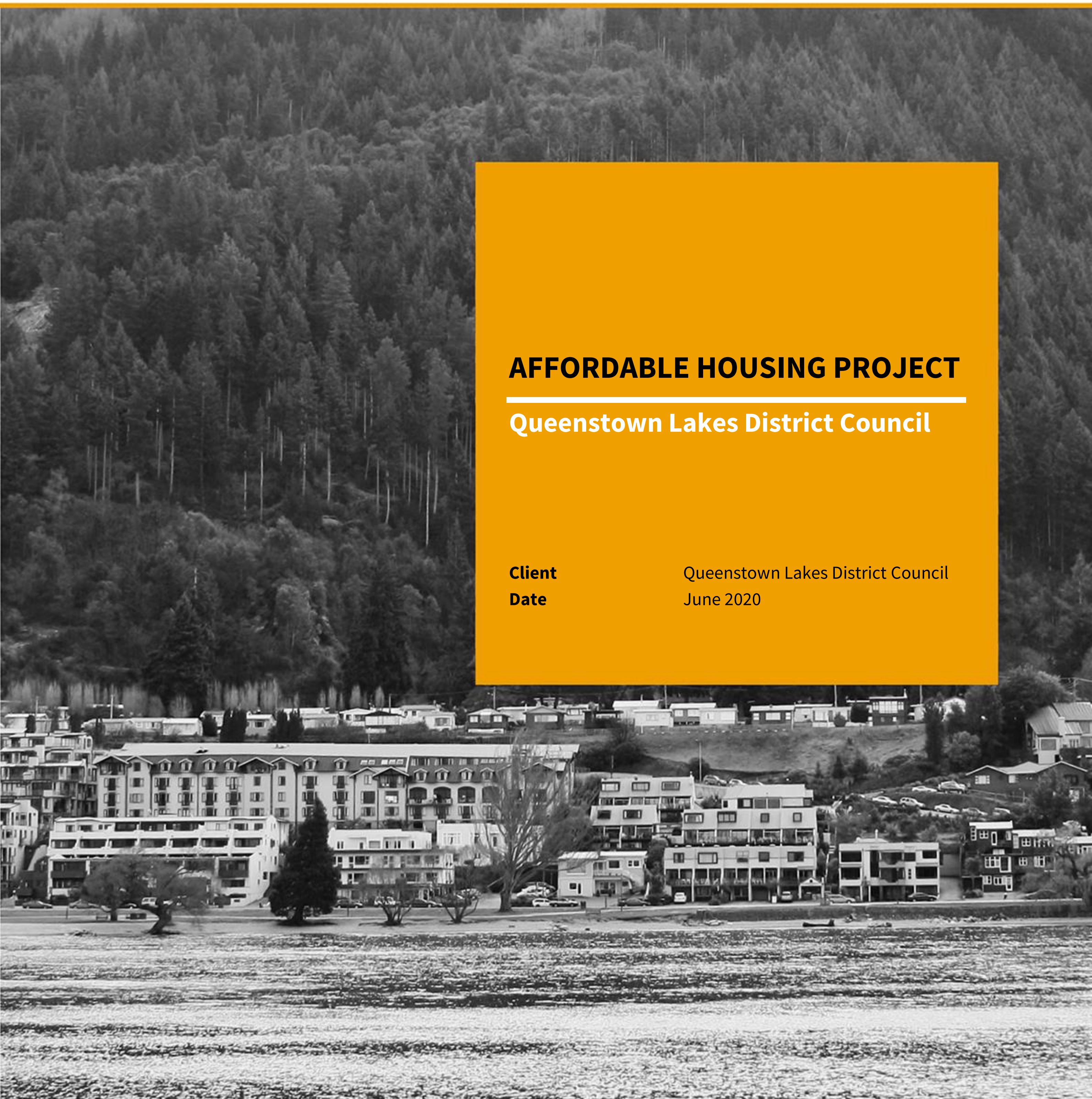
29 There has been little in the way of further development following the Cabinet Paper. By way of example, the Department of Internal Affairs' central-local government partnerships team has not provided any additional policy developments on the topic.

30 We suggest that QLDC continues to keep a watching brief on central government policy and partnership opportunities but we doubt that this will be an option before QLDC needs to decide whether to progress the affordable housing provisions.

Conclusion

31 Of these identified alternatives, only a rating approach realistically could be implemented. The direction provided by the NPSUD, in our view, makes taking an inclusionary zoning approach to the issue the best of all options.

TelferYoung
Property Valuers & Advisors



AFFORDABLE HOUSING PROJECT

Queenstown Lakes District Council

Client	Queenstown Lakes District Council
Date	June 2020

20 July 2020

Queenstown Lakes District Council
10 Gorge Road
Queenstown 9300

Attention: Ian Bayliss / Katie Russell

AFFORDABLE HOUSING PROJECT
QUEENSTOWN LAKES DISTRICT COUNCIL

In accordance with your specific instructions and scope of work received 22 May 2020, we have completed our analysis and reporting into the impact of providing affordable housing when developing greenfield and brownfield developments within the Queenstown region.

1 SCOPE OF WORK

1.1 THE VALUERS

The valuation advice has been undertaken by Martin Winder (registered valuer and director of TelferYoung (Canterbury) Ltd) who provides this objective and unbiased advice. The valuer has no material connection with the instructing party and has the appropriate qualifications and experience to undertake the valuation advice.

Robert Todd (registered valuer and director of TelferYoung (Southland) Ltd) has provided technical support and has also peer-reviewed the key inputs and findings.

1.2 OUR CLIENT

Queenstown Lakes District Council.

Other than the client or addressee, the report may not be relied upon by any third party. We accept no liability to third parties. Written consent is required for any third party wishing to rely on this report. We reserve the right to withhold that consent, or to review the contents of the report if consent for third party use is sought.

1.3 PURPOSE OF ADVICE

To assist Queenstown Lakes District Council with developing a policy for the provision of affordable housing in their region.

1.4 BACKGROUND

Queenstown Lakes District Council (QLDC) is considering provisions for the district plan that would require developments that meet set criteria to provide a contribution to affordable housing in the district. This is known as Inclusionary Zoning, is used throughout the world, particularly in high-value real estate markets. Questions of the impact of any requirement on the feasibility of development is an important aspect of setting in place an affordable housing policy.

1.5 INSTRUCTIONS

The Council is looking for assistance and input related to:

1. Updating the assumptions in the feasibility tool (Ministry of Business Innovation and Employment (MBIE) development feasibility calculator) to reflect local QLDC parameters (e.g. land prices, construction costs, civil works costs etc)
2. Testing the feasibility of different benchmarks at which contributions might take effect. This should consider two types of developments: greenfields and brownfields, in terms of:
   a. The size of the development at which affordable housing contributions should be considered (e.g. developments over 10 lots or 5 units)
   b. The quantum of the contribution: 2%, 5% and 10% (for example)
   c. The relative difference between different types (possible) of contribution requirements, for example:
      - serviced land transferred to council, or
      - house and land packages transferred to council, or
      - deed limited properties which are sold by the developer at a reduced (affordable) price point, or
      - monetary contribution to council (for the provision of affordable units).

By mutual agreement, we have refined these instructions to incorporate adopting a valuation based hypothetical subdivision model and discounted cashflow model as both these methods are well established in New Zealand case law rather than rely solely on the MBIE feasibility excel tool provided.

We have focused our study on greenfield and brownfield developments. The greenfield development provides new vacant residential sections to the market and the brownfield provides new residential units in existing urban localities.

1.6 HYPOTHETICAL SUBDIVISION METHOD

The hypothetical subdivision approach is a traditional method for the valuing of block subdivisional land. The methodology requires the assessment of the gross realisation from section sales from which costs of sales (real estate commissions and legal expenses) are deducted followed by a deduction of profit and risk to arrive at an outlay. From the outlay development costs (including development and reserve contributions, advertising costs, and interest are deducted) to derive a residual block value for the land, which is the sum a developer could afford to pay for the land for subdivision.

This method can also be adopted for the brownfield development model. In this scenario the developer knows how much it will cost to acquire the land to be redeveloped given there is an active market for improved properties. Therefore, the key variable is what profit and risk is obtainable for undertaking the project.

1.7 DISCOUNTED CASHFLOW METHOD

The discounted cashflow method is a more sophisticated subdivisional budgeting technique. The DCF approach examines the estimated actual monthly cashflow projections and discounts at an appropriate (market derived) discount rate to arrive at a present value of the future cashflows. The present value is the price a developer can afford to pay to purchase the property for subdivisional purposes and represents the market value today.

In keeping with the hypothetical subdivision method, the methodology requires a number of assumptions to determine the monthly cashflows over the realisation period of the development. For the purpose of this study, we have adopted the same inputs as utilised in the hypothetical subdivision approach, but have apportioned these over the development and realisation period.

This method is best suited for developments occurring over longer time frames (3 to 7 years) and is less preferred for shorter or longer periods outside of this range. Our greenfield model incorporates a 3.5 year development which is suitable for the DCF method. The brownfield model is 2 years which is too short. We have not completed a DCF on the brownfield model. The method would be suitable for a larger scale brownfield model extending over 3 years.

2 GREENFIELD

2.1 OVERVIEW

A greenfield development is one whereby land has been developed from a typical rural productive or lifestyle block use into a more intensive land use. Residential subdivisions are generally greenfield developments that occur on the current urban/rural interface.

We have selected a 'nominal' site that reflects a typical Queenstown development and provides an approximate mid-point of section value levels in the region.

The date of this assessment is June 2020. Whilst this is post the COVID lockdown, we have assumed a 'normal' market based on previous year's sales volumes. The Queenstown market is currently exposed to a high degree of uncertainty which may or may not impact on value levels and sales volumes.

We have opted for 3 types of affordable housing provision as follows:

- Gifting Council a percentage of the developed sections
- Discounting a portion of the developed sections
- Paying a levy to Council based on a percentage of the gross realisation (section sales)

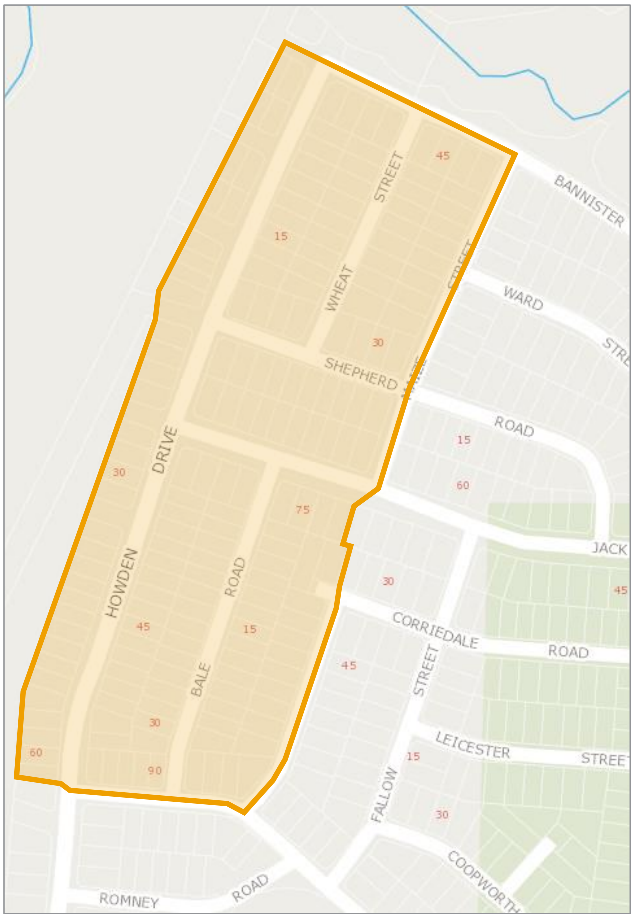
2.2 HANLEY'S FARM NOMINAL SITE

Our nominal site is a portion of land that has recently been developed within the Hanley's Farm subdivision. The contour is relatively level to gently sloping. We have adopted the section density that was achieved within the existing development (475 m^2 average site area) and also added a component of sections that average 350 m^2 given that there is market demand for more compact sites. We have also made allowance for 8% of the total block to be set aside for stormwater management purposes as this is what a true greenfield block without the benefit of nearby supporting infrastructure would require.

Our calculations as follows:

Description			Total (ha)
Total Land Area			11.5955
Less Stormwater		8%	0.9276
Net Land			10.6679
Less Roads		30%	3.2004
Net land			7.4675
Reserves		paid in cash	
Average Sections	350	77	2.6950
Average Sections	475	100	4.7500
Total		177	7.4450
	Yield	16.59	sites per ha

2.3 PLAN – EXISTING DEVELOPMENT



2.4 INPUTS

2.4.1 Section Values

We have considered sections sales occurring within the Queenstown District in recent years and section sales within the Hanley's Farm subdivision. We detail the Hanley's Farm sales post 2016 as follows:

Year	No. Sales	Average Area (m²)	Average Price
2016	98	479	$257,301
2017	63	461	$269,095
2018	96	496	$311,271
2019	51	679	$346,578

Having considered all factors, we have established our average section values as follows:

Description	Area (m²)	Value
Average Section Area	350	$280,000
Average Section Area	475	$330,000

2.4.2 Realisation Period

To obtain the broadest possible (long term) view of the market, we have analysed the volume of residential section sales in the 'Queenstown and Surrounds' (REINZ categories) since 2000. A total of 7321 sections have sold at an average of 366 per year or 31 per month. We anticipate the nominal subject development will be able to achieve 15% of the market share and record approximately 4.5 sales per month. We estimate the development will take 3.5 years to develop and sell down all 177 sites. This would likely occur over 3 stages.

2.4.3 Cost of Sales

- Commission — 3.00% on the GST inclusive sale price
- Legal Fees — $1,000 per site plus GST
- Marketing/Promotion — $2,000 per site plus GST

These allowances are market derived and consistent with the Queenstown market at this time.

2.4.4 Profit and Risk

Within our hypothetical subdivision method we adopt a profit and risk rate. The rate is derived from sales of developable block land and reflects the profit the developer anticipated for undertaking the development. The scale of the project, market conditions, funding constraints, section values and development costs all impact on the profit and risk rate. Having considered sales of block land of a similar scale we establish our profit and risk rate at **25%**.

2.4.5 Direct Development Costs

Given the scale, section density and contour of the proposed nominal development, we have established our estimate of direct development costs (including consents, professional fees and contingency) as follows:

Description	Proposed Development
Direct Development Costs/ha:	$1,099,047/ha
Overall Average Cost/Site:	**$72,000/site**

In addition, we have made an allowance of $1,000,000 for trunk connection costs to be incurred in stage 1.

2.4.6 Interest

We have adopted an interest rate of 5.75%. We have calculated the interest on the outlay over half the realisation period. The interest rate adopted reflects an opportunity cost of capital, not an actual debt funding rate.

2.4.7 Development Contributions

We have estimated the amount of development contributions payable per additional lot created by applying the figures sourced from the Council's Development Contributions and Financial Contributions Policy adopted 1 December 2018. We have deducted the stormwater component of the contribution given that we have allowed for stormwater to be managed within the development.

Description	Total
Water Supply	$3,885
Wastewater	$4,693
Stormwater	$0
Transportation	$5,018
Eastern Access	$0
Reserve Improvements	$762
Community Facilities	$1,327
Cash Contribution (Reserves)	$17,269
Total per addition lot - plus GST (if any)	**$32,954**

2.5 GREENFIELD HANLEY'S FARM - GIFTING COUNCIL SECTIONS

2.5.1 Overview – Hypothetical Subdivision Method

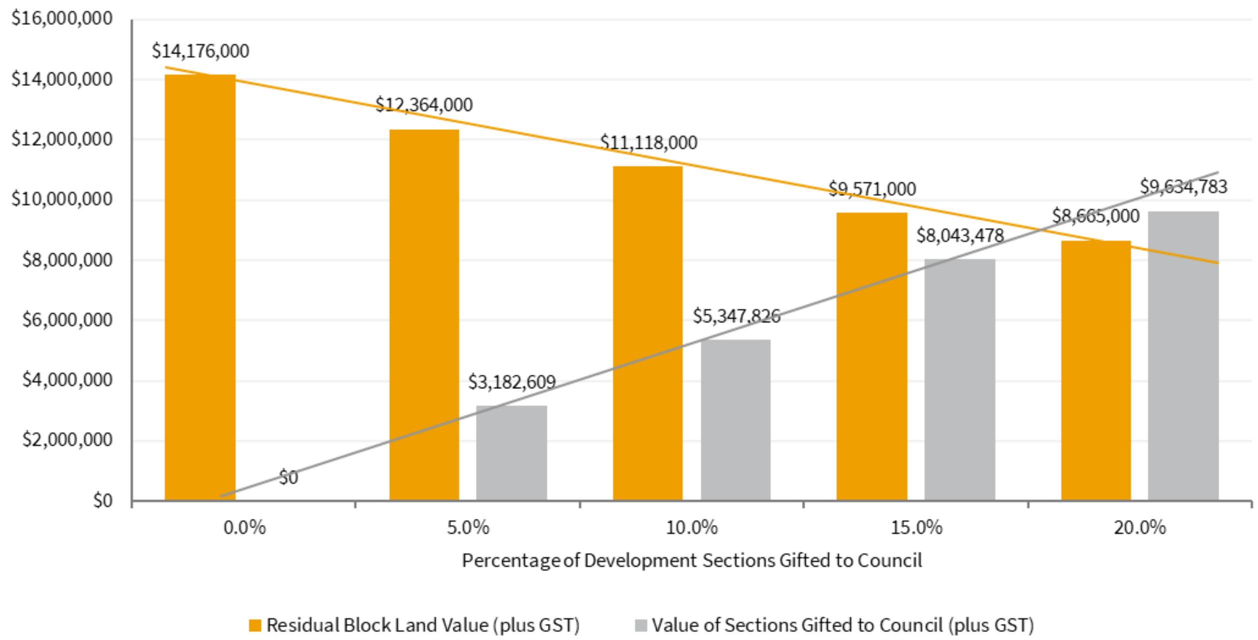
In these scenarios, we have based our analysis on the Council being gifted completed sections at no cost. Our model includes 5 scenarios ranging from 0% gifted to provide a base benchmark to 20% of the sections gifted. Our method involves gifting a percentage of the 350 m^2 sites and the same percentage of the 475 m^2 sites. As the development is completed in 3 stages the exact number of sections gifted per stage has been rounded so that part sections are not gifted. Costs of sale expenses and development contributions have been excluded from the gifted sections.

Our full worksheets are provided in Appendix A

2.5.2 Summary

Description	% of Development Sections Gifted to Council	Residual Block Value	Rate/ha	Diff in Residual Value	% Change	Sections Created	Value of Sections Provided to Council (plus GST basis)	Sections Provided to Council	Total Costs	Total Profit
Scenario A	0.0%	$14,176,000	$1,222,543	$0	0.00%	177	$0	0	$23,175,822	$9,125,936
Scenario B	5.0%	$12,364,000	$1,066,276	$1,812,000	-12.78%	177	$3,182,609	12	$22,536,798	$8,513,774
Scenario C	10.0%	$11,118,000	$958,820	$3,058,000	-21.57%	177	$5,347,826	20	$22,107,059	$8,097,270
Scenario D	15.0%	$9,571,000	$825,406	$4,605,000	-32.48%	177	$8,043,478	30	$21,570,651	$7,578,740
Scenario E	20.0%	$8,665,000	$747,273	$5,511,000	-38.88%	177	$9,634,783	36	$21,251,140	$7,272,659

2.5.3 Summary Graph



2.6 GREENFIELD HANLEY'S FARM - DISCOUNTING A PORTION OF SECTIONS

2.6.1 Overview – Hypothetical Subdivision Method

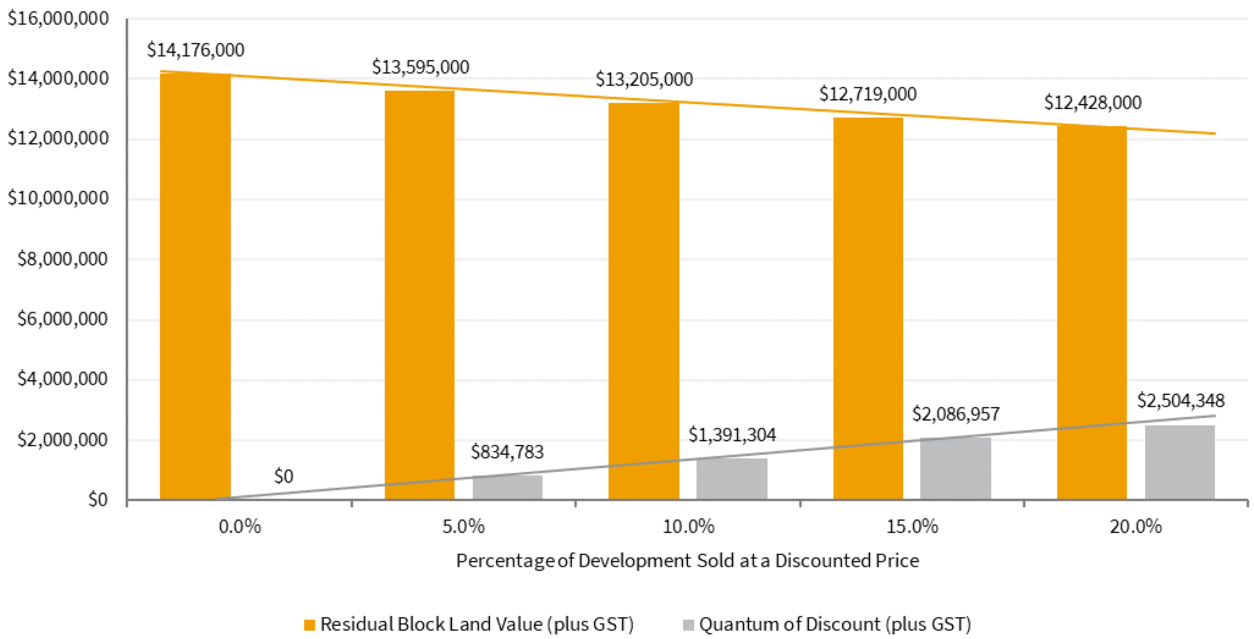
In these scenarios, we have based our analysis on the developer discounting a portion of the completed sections and selling to eligible purchasers. Our model includes 5 scenarios ranging from 0% discounted to provide a base benchmark to 20% of the sections discounted. Our method involves discounting a percentage of the 350 m² sites and the same percentage of the 475 m² sites. As the development is completed in 3 stages the exact number of sections discounted per stage has been rounded so that part sections are not discounted. Costs of sale expenses and development contributions for the discounted sections are included as usual. Our full worksheets are provided in Appendix A. We have discounted the sections as follows:

Description	Area (m^2)	Usual Value	Discounted Value
Average Section Area	350	$280,000	$200,000
Average Section Area	475	$330,000	$250,000

2.6.2 Summary

Description	Percentage of Development Sections Discounted	Residual Block Value	Rate/ha	Difference in Residual Value	% Change	Sections Created	Value of Discounting (plus GST basis)	Discounted Sections	Total Costs	Total Profit
Scenario F	0.0%	$14,176,000	$1,222,543	$0	0.00%	177	$0	0	$23,175,822	$9,125,936
Scenario G	5.0%	$13,595,000	$1,172,438	$581,000	-4.10%	177	$834,783	12	$23,121,275	$8,964,739
Scenario H	10.0%	$13,205,000	$1,138,804	$971,000	-6.85%	177	$1,391,304	20	$23,084,696	$8,857,275
Scenario I	15.0%	$12,719,000	$1,096,891	$1,457,000	-10.28%	177	$2,086,957	30	$23,038,940	$8,722,944
Scenario J	20.0%	$12,428,000	$1,071,795	$1,748,000	-12.33%	177	$2,504,348	36	$23,011,667	$8,642,346

2.6.3 Summary Graph



2.7 GREENFIELD HANLEY'S FARM - PAYING A LEVY TO COUNCIL

2.7.1 Overview – Hypothetical Subdivision Method

In these scenarios, we have based our analysis on the developer paying a levy directly to Council as titles are issued. The levy would be based on a percentage of the gross realisation value of completed sections. The Council can provide affordable housing with the proceeds of the levy as they please. Our model includes 5 scenarios ranging from 0% levy to provide a base benchmark to 10% levy of the gross realisation.

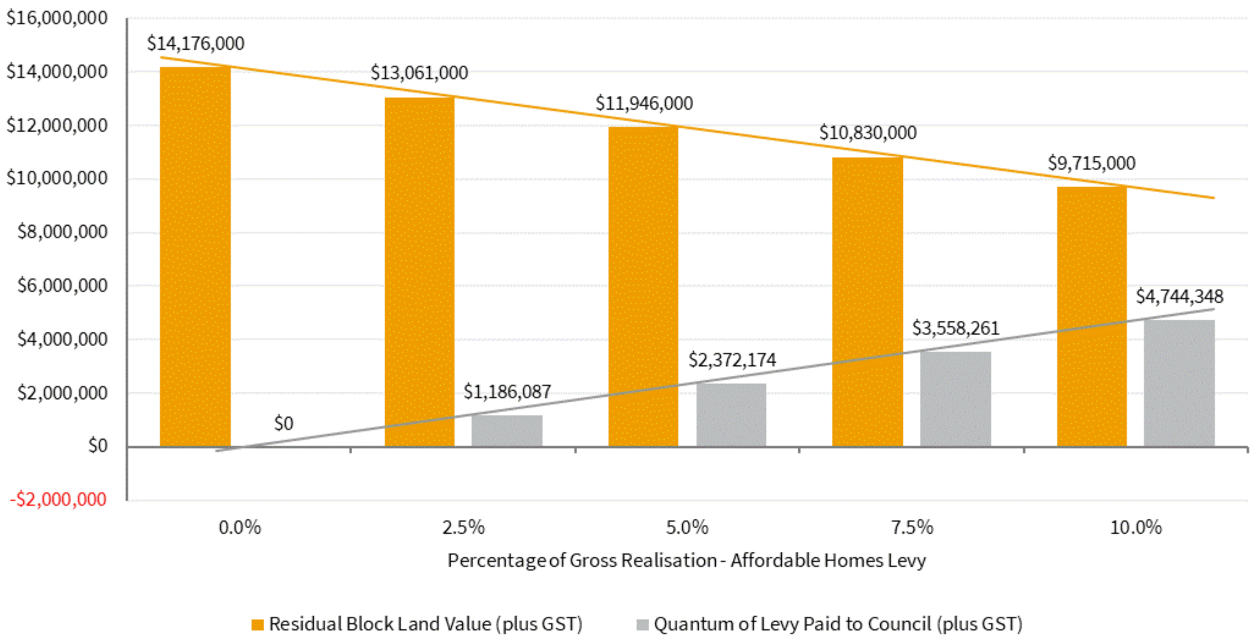
Our full worksheets are provided in Appendix A.

2.7.2 Summary

Description	Percentage of Gross Realisation - Affordable Homes Levy	Residual Block Value	Rate/ha	Difference in Residual Value	% Change	Sections Created	Total Levy (plus GST basis)	Total Costs	Total Profit
Scenario K	0.0%	$14,176,000	$1,222,543	$0	0.00%	177	$0	$23,175,822	$9,125,936
Scenario L	2.5%	$13,061,000	$1,126,385	$1,115,000	-7.87%	177	$1,186,087	$24,361,909	$9,125,936
Scenario M	5.0%	$11,946,000	$1,030,227	$2,230,000	-15.73%	177	$2,372,174	$25,547,996	$9,125,936
Scenario N	7.5%	$10,830,000	$933,983	$3,346,000	-23.60%	177	$3,558,261	$26,734,083	$9,125,936
Scenario O	10.0%	$9,715,000	$837,825	$4,461,000	-31.47%	177	$4,744,348	$27,920,169	$9,125,936

Please note the total profit remains fixed at $9,125,936 even as the levy increases. This is due to the gross realisation (total section sales) also remains fixed at $54,560,000 regardless of the quantum of levy and the developers desire to make 25% profit. The levy impacts directly on the residual block value which is the amount a developer could afford to pay for the raw block prior to developing.

2.7.3 Summary Graph



2.8 GREENFIELD HANLEY'S FARM – DISCOUNTED CASHFLOW METHOD

2.8.1 Overview

We have run one discounted cashflow method (DCF) on Scenario A to show the differences between the hypothetical subdivision method and the discounted cashflow method. In this instance, we have adopted a discount rate of **27.50%** which has been established with consideration to sales evidence of similar scale blocks.

The DCF method best reveals the overlap between stages with regard to summer construction phases, title issue and sell down on a monthly basis. Our DCF worksheet is attached to Appendix B.

2.8.2 Summary

Description	Percentage of Development Sections Gifted to Council	Residual Block Value	Rate/ha	Difference in Residual Value	% Change	Sections Created	Value of Sections Provided to Council (plus GST basis)	Discount Rate
Scenario A	0.0%	$14,338,846	$1,236,587	$0	0.00%	177	$0	27.50%

Our residual block value is established at $14,338,846. This compares with a residual value of $14,176,000 established via the hypothetical subdivision method adopting the same inputs. We could run DCF models on all our scenarios, however, the method would reveal residual values consistent with the hypothetical subdivision method.

3 BROWNFIELD

3.1 OVERVIEW

A brownfield development is one whereby land has previously been developed into a more intensive use than rural productive or lifestyle block use and is ripe for another redevelopment into a higher and better use than its current use. An example of a brownfield development is the purchase of 3 standalone residential properties to make way for 12 new units or apartments.

The Queenstown residential market has reached a stage whereby a number of older standalone dwellings close to the centre of town occupy orthodox 750 m² to 1,100 m² sites. These can be purchased in conjunction with similar adjoining properties, the buildings demolished and new units and apartments can be developed at a higher density than previous. A development profit can be obtained for undertaking the development thus making it a viable scenario.

The date of this assessment is June 2020. Whilst this is post the COVID lockdown, we have assumed a 'normal' market based on previous year's sales volumes. The Queenstown market is currently exposed to a high degree of uncertainty which may or may not impact on value levels and sales volumes.

With agreement from our clients, we have adopted two nominal sites to best reflect this approach. These sites are:

- 37 – 41 Fryer Street
- 681 – 689 Frankton Road

We have allowed for these sites to be acquired, cleared of all buildings and then they will provide the land for a hypothetical development.

We have based our hypothetical development on a fully built complex of 12 x 2 bedroom units in Andrews Road which dates from 2014. Each unit has a living area of approximately 84 m² and garaging of approximately 28 m². This development represents an appropriate 'mid-point' in terms of density, quality of fittings, and value level and would be economically viable for both the Fryer Street and Frankton Road sites.

We have allowed for the construction of a similar complex to that already constructed at Andrews Road in terms of scale at both sites and then have opted for 3 types of affordable housing provision as follows:

- Discounting a portion of units
- Gifting a percentage of units
- Paying a levy to Council based on a percentage of the gross realisation (unit sales)

3.2 ACQUISITION COSTS

3.2.1 37 – 41 Fryer Street

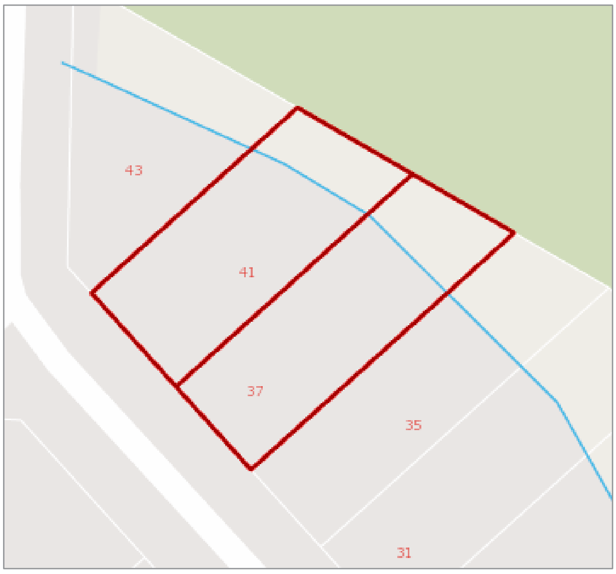
37 – 41 Fryer Street comprises 2 properties that are currently being developed into higher density units. One site is improved with a dwelling and the other site is vacant. For the purpose of this assignment we have assumed both sites are improved with the same sized dwelling as this reflects what a developer would usually have to pay to acquire 2 adjoining sites. The sites overlook Warren Park to the northeast which is a benefit. They are within walking distance to the centre of Queenstown, but they do not benefit from lake views and are positioned in an area known for being shady in winter. The properties are suitably zoned for higher density residential development.

We have established the purchase price at their current rating values for simplicity purposes.

Address	Land Value	Improvements Value	Rating Value	Site Area (m^2)	Flr Area (m^2)	Age
37 Fryer Street	$760,000	$130,000	$890,000	809	110	1950's
41 Fryer Street	$760,000	$130,000	$890,000	809	110	1950's
Total/Purchase Price			**$1,780,000**	**1,618**		

We estimate demolition and site clearance costs at $42,000 which when combined with the purchase cost of $1,780,000 equals a total acquisition cost of **$1,820,000**.

3.2.2 37 – 41 Fryer Street - Plan



3.2.3 681 – 689 Frankton Road

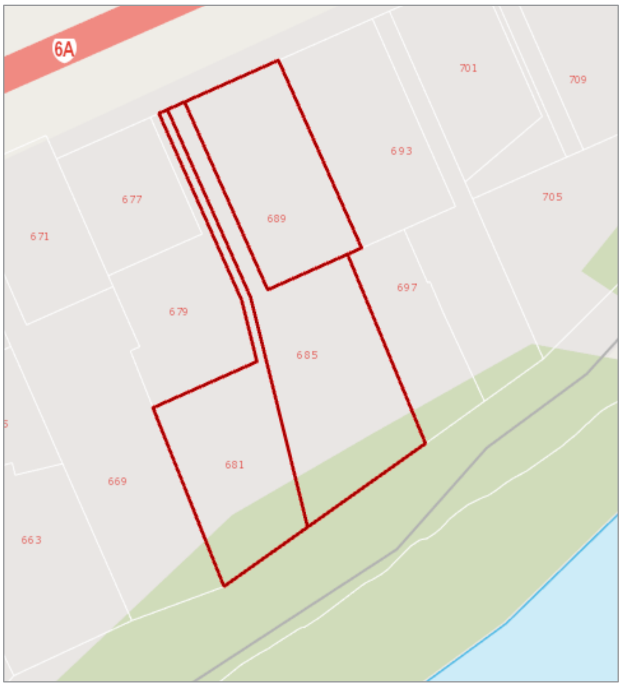
681 – 689 Frankton Road comprises 2 properties that are currently being occupied and 1 vacant site. The redevelopment of these sites is not imminent, but rather we have selected these sites to give some visual context to our 'nominal site'. The combined sites (once cleared) would provide unobstructed views over Lake Wakatipu with The Remarkables mountain range as a backdrop. These are sought-after views and no one can occupy the land between the properties and the lake edge. The properties are positioned roughly halfway between Frankton and the Queenstown centre. The properties are suitably zoned for higher density residential development.

We have established the purchase price at their current rating values for simplicity purposes.

Address	Land Value	Improvements Value	Rating Value	Site Area (m^2)	Flr Area (m^2)	Age
681 Frankton Road	$650,000	$0	$650,000	869	0	
685 Frankton Road	$780,000	$210,000	$990,000	1,174	90	1960's
689 Frankton Road	$625,000	$355,000	$980,000	809	140	1960's
Total/Purchase Price			**$2,620,000**	**2,852**		

We estimate demolition and site clearance costs at $44,000 which when combined with the purchase cost of $2,620,000 equals a total acquisition cost of **$2,664,000**.

3.2.4 681 – 689 Frankton Road – Plan



3.3 INPUTS

3.3.1 Andrews Road Development

We have based our hypothetical development on a fully built complex of 12 x 2 bedroom units in Andrews Road which dates from 2014 and has very limited lake views. Each unit has a living area of approximately 84 m^2 and garaging of approximately 28 m^2. The development is spread over 3 levels. We would envisage a two-level development with garaging worked into the ground floor or possible adjacent the main building. Our 2 'nominal sites' benefit from a near level contour.

3.3.2 Unit Values

Fryer Street Development

We have considered a broad range of sales evidence for 2 bedroom units in the vicinity that also offer similar levels of amenity and do not benefit from lake views. Localities considered are:

- Gorge Road
- Arthurs Point
- 'The Alex' development in Hallenstein Street
- Fernhill
- Frankton multi-level housing complexes
- Andrews Road development (identified above)

Having considered sales prices and asking prices, we establish an average market value of **$800,000** per unit (inclusive of GST).

Frankton Road Development

We have considered a broad range of sales evidence for 2 bedroom units in the vicinity that also offer similar levels of amenity and benefit from superior lake views. Localities considered are:

- Frankton Road
- Goldrush Way
- Goldfield Heights
- Middleton Road

Having considered the sales prices, we establish an average market value of **$925,000** per unit (inclusive of GST).

3.3.3 Realisation Period

We have established the realisation period at 2 years. This allows time to acquire the properties, clear the properties, obtain consent, construct and sell all 12 units. This applies to both 'nominal sites'.

3.3.4 Cost of Sales

Commission	2.50% on the GST inclusive sale price
Legal Fees	$1,000 per unit plus GST
Marketing/Promotion	$2,000 per unit plus GST

These allowances are market derived and consistent with the Queenstown market at this time.

3.3.5 Profit and Risk

In this instance, all inputs are known (acquisition costs, construction costs, sale values) with the exception of the profit and risk rate. We use the profit and risk rate as the key variable which changes as the affordable housing scenario plays out. For context, a profit and risk rate ranging from 10% to 15% is generally appropriate for a development of this scale. These rates are less than those desired for subdividing land (177 sites). This is due to the increased risk associated with subdivision, scale of the development and quantum involved plus the inability to rent out or derive an income from the end product if the market declines.

3.3.6 Development Costs

We have adopted a base construction rate of $3,000/m^2 for Fryer Street and $3,100/m^2 for Frankton Road. The variation is due to site complexity variation.

We have adopted a contingency of 5% on the base construction cost. From this we have allowed 10% for professional and consent fees.

We have also allowed $200,000 for landscaping at Fryer Street and $250,000 at Frankton Road. All figures are plus GST (if any).

Construction costs are very site-specific. Our allowances represent a mid-range quality unit built on a near level contoured site with suitable geotechnical bearing capacity.

3.3.7 Interest

We have adopted an interest rate of 5.75%. We have calculated the interest on the outlay over half the realisation period. The interest rate adopted reflects an opportunity cost of capital, not an actual debt funding rate.

3.3.8 Development Contributions

We have adopted the estimates produced by the Council's development contributions calculator spreadsheet which establishes the contribution per additional property at $13,108 in Fryer Street and $14,360 in Frankton Road (plus GST).

4 FRYER STREET COMPLEX

4.1 BROWNFIELD - DISCOUNTING A PORTION OF UNITS

4.1.1 Overview – Fryer Street

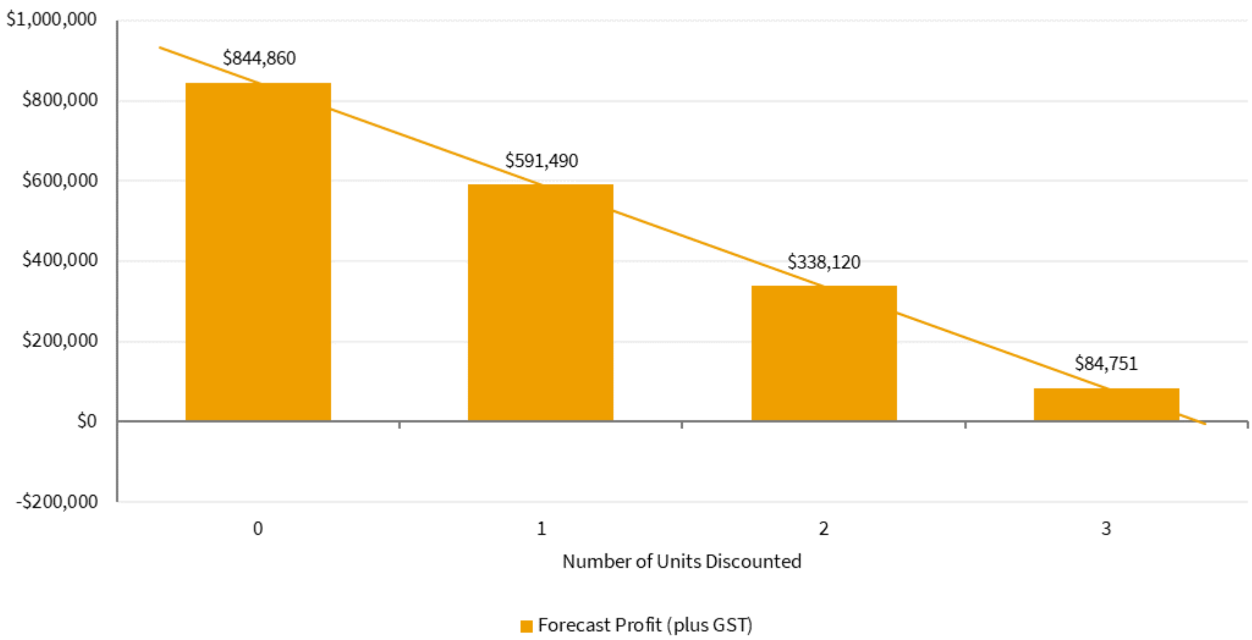
In these scenarios, we have based our analysis on the developer discounting a number of the completed units and selling to eligible purchasers. Our model includes 4 scenarios ranging from 0 discounted units to provide a base benchmark to 3 discounted units. Our method involves discounting the units to $500,000 including GST.

Our full worksheets are provided in Appendix C.

4.1.2 Summary – Fryer Street

Description	Units Developed	Percentage of Units Discounted	Number of Units Discounted	Standard Value per Unit (incl GST)	Discounted Value per Unit (incl GST)	Gross Realisation (incl GST)	Percentage Profit on Outlay	Profit on Outlay (plus GST)
Scenario A	12	0.0%	0	$800,000	N/A	$9,600,000	11.65%	$844,860
Scenario B	12	8.3%	1	$800,000	$500,000	$9,300,000	8.16%	$591,490
Scenario C	12	16.7%	2	$800,000	$500,000	$9,000,000	4.66%	$338,120
Scenario D	12	25.0%	3	$800,000	$500,000	$8,700,000	1.17%	$84,751

4.1.3 Summary Graph – Fryer Street



4.2 BROWNFIELD – GIFTING UNITS TO COUNCIL

4.2.1 Overview – Fryer Street

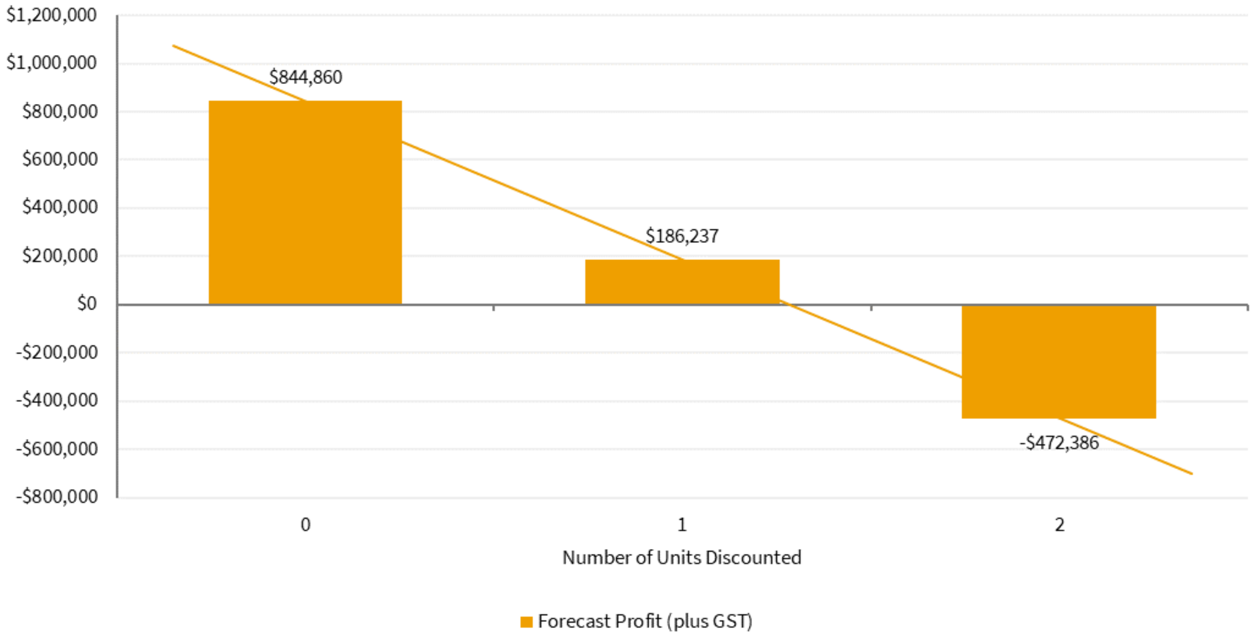
In these scenarios, we have based our analysis on the Council being gifted completed units at no cost. Our model includes 3 scenarios ranging from 0 gifted units to provide a base benchmark to 2 units gifted. Costs of sale expenses and development contributions have been excluded from the gifted units.

Our full worksheets are provided in Appendix C

4.2.2 Summary – Fryer Street

Description	Units Developed	Percentage of Units Gifted	Number of Units Gifted	Standard Value per Unit (incl GST)	Gross Realisation (incl GST)	Percentage Profit on Outlay	Profit on Outlay (plus GST)
Scenario E	12	0.0%	0	$800,000	$9,600,000	11.65%	$844,860
Scenario F	12	8.3%	1	$800,000	$8,800,000	2.57%	$186,237
Scenario G	12	16.7%	2	$800,000	$8,000,000	-6.54%	-$472,386

4.2.3 Summary Graph – Fryer Street



4.3 BROWNFIELD - PAYING A LEVY TO COUNCIL

4.3.1 Overview – Fryer Street

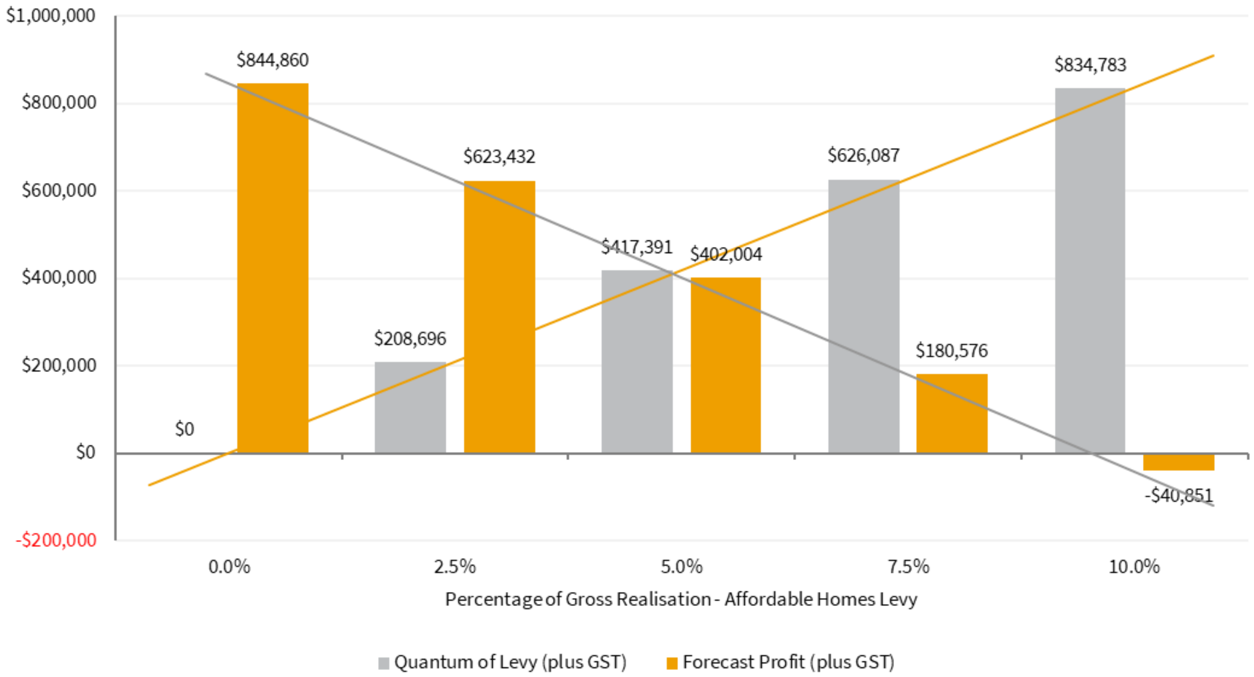
In these scenarios, we have based our analysis on the developer paying a levy directly to Council as titles are issued. The levy would be based on a percentage of the gross realisation value of completed units. The Council can provide affordable housing with the proceeds of the levy as they please. Our model includes 5 scenarios ranging from 0% levy to provide a base benchmark to 10% levy of the gross realisation.

Our full worksheets are provided in Appendix C.

4.3.2 Summary – Fryer Street

Description	Units Developed	Percentage of Gross Realisation - Affordable Homes Levy	Total Levy (plus GST basis)	Standard Value per Unit (incl GST)	Gross Realisation (incl GST)	Percentage Profit on Outlay	Profit on Outlay (plus GST)
Scenario H	12	0.0%	$0	$800,000	$9,600,000	11.65%	$844,860
Scenario I	12	2.5%	$208,696	$800,000	$9,600,000	8.34%	$623,432
Scenario J	12	5.0%	$417,391	$800,000	$9,600,000	5.23%	$402,004
Scenario K	12	7.5%	$626,087	$800,000	$9,600,000	2.28%	$180,576
Scenario L	12	10.0%	$834,783	$800,000	$9,600,000	-0.50%	-$40,851

4.3.3 Summary Graph – Fryer Street



5 FRANKTON ROAD COMPLEX

5.1 BROWNFIELD - DISCOUNTING A PORTION OF UNITS

5.1.1 Overview – Frankton Road

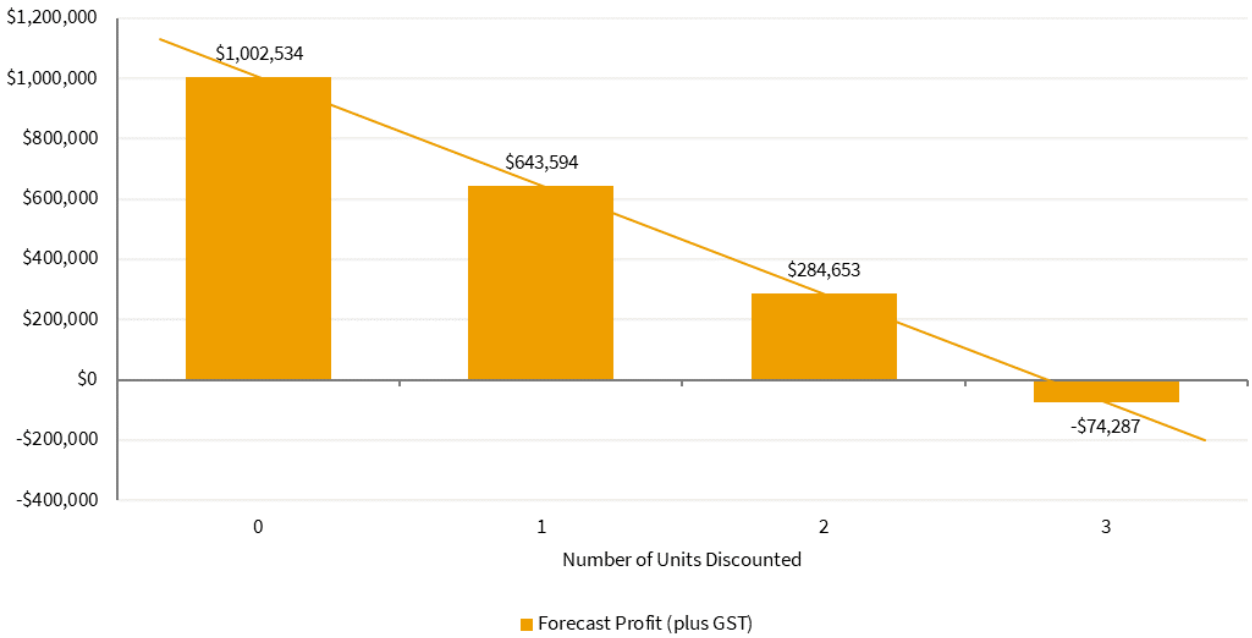
In these scenarios, we have based our analysis on the developer discounting a number of the completed units and selling to eligible purchasers. Our model includes 4 scenarios ranging from 0 discounted units to provide a base benchmark to 3 discounted units. Our method involves discounting the units to $500,000 including GST.

Our full worksheets are provided in Appendix D.

5.1.2 Summary – Frankton Road

Description	Units Developed	Percentage of Units Discounted	Number of Units Discounted	Standard Value per Unit (incl GST)	Discounted Value per Unit (incl GST)	Gross Realisation (incl GST)	Percentage Profit on Outlay	Profit on Outlay (plus GST)
Scenario A	12	0.0%	0	$925,000	N/A	$11,100,000	11.99%	$1,002,534
Scenario B	12	8.3%	1	$925,000	$500,000	$10,675,000	7.70%	$643,594
Scenario C	12	16.7%	2	$925,000	$500,000	$10,250,000	3.40%	$284,653
Scenario D	12	25.0%	3	$925,000	$500,000	$9,825,000	-0.89%	-$74,287

5.1.3 Summary Graph – Frankton Road



5.2 BROWNFIELD – GIFTING UNITS TO COUNCIL

5.2.1 Overview – Frankton Road

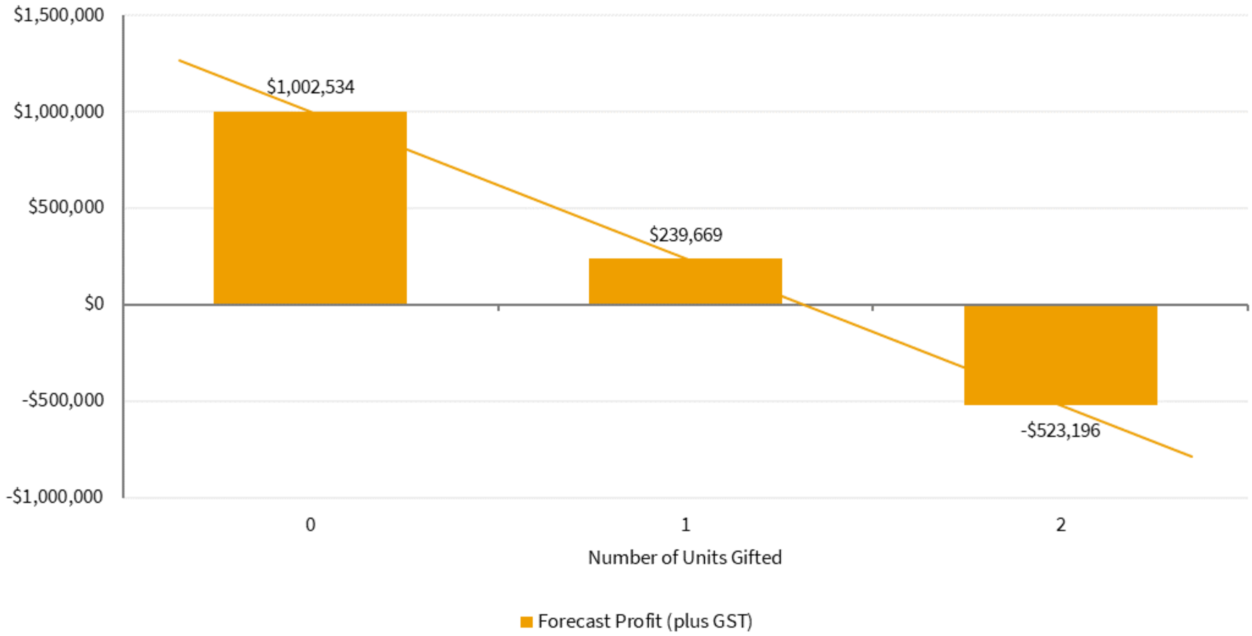
In these scenarios, we have based our analysis on the Council being gifted completed units at no cost. Our model includes 3 scenarios ranging from 0 gifted units to provide a base benchmark to 2 units gifted. Costs of sale expenses and development contributions have been excluded from the gifted units.

Our full worksheets are provided in Appendix D

5.2.2 Summary – Frankton Road

Description	Units Developed	Percentage of Units Gifted	Number of Units Gifted	Standard Value per Unit (incl GST)	Gross Realisation (incl GST)	Percentage Profit on Outlay	Profit on Outlay (plus GST)
Scenario E	12	0.0%	0	$925,000	$11,100,000	11.99%	$1,002,534
Scenario F	12	8.3%	1	$925,000	$10,175,000	2.87%	$239,669
Scenario G	12	16.7%	2	$925,000	$9,250,000	-6.28%	-$523,196

5.2.3 Summary Graph – Frankton Road



5.3 BROWNFIELD - PAYING A LEVY TO COUNCIL

5.3.1 Overview – Frankton Road

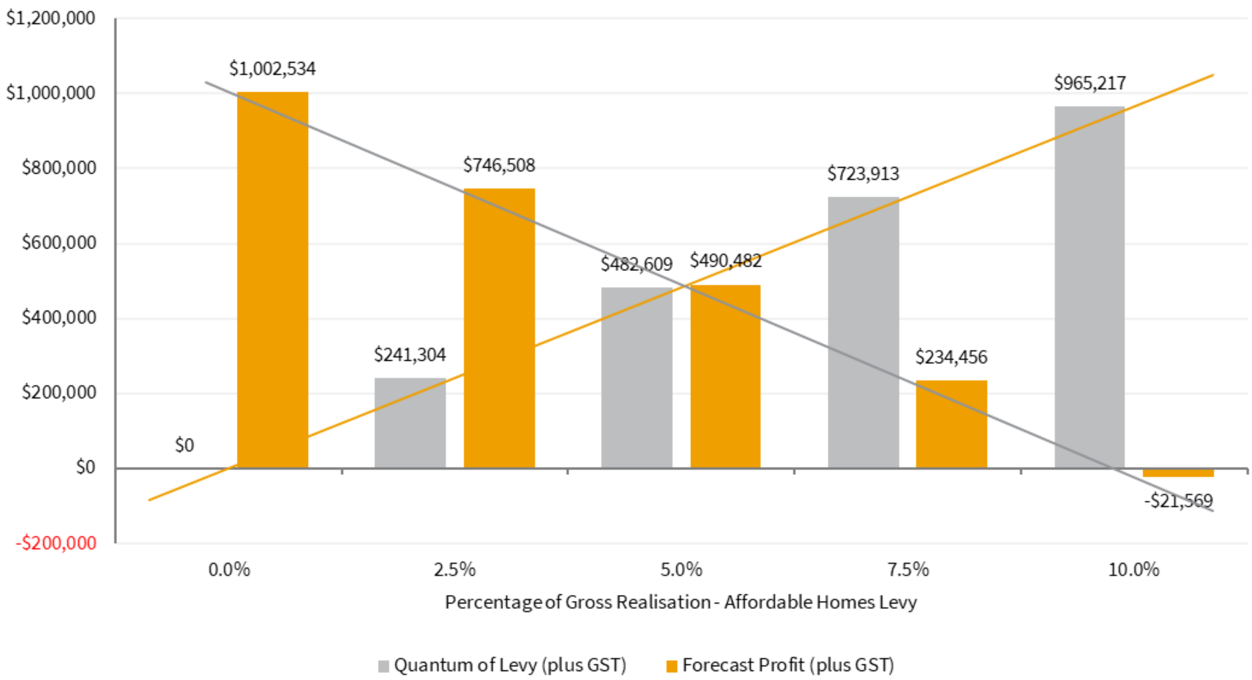
In these scenarios, we have based our analysis on the developer paying a levy directly to Council as titles are issued. The levy would be based on a percentage of the gross realisation value of completed units. The Council can provide affordable housing with the proceeds of the levy as they please. Our model includes 5 scenarios ranging from 0% levy to provide a base benchmark to 10% levy of the gross realisation.

Our full worksheets are provided in Appendix D.

5.3.2 Summary – Frankton Road

Description	Units Developed	Percentage of Gross Realisation - Affordable Homes Levy	Total Levy (plus GST basis)	Standard Value per Unit (incl GST)	Gross Realisation (incl GST)	Percentage Profit on Outlay	Profit on Outlay (plus GST)
Scenario H	12	0.0%	$0	$925,000	$11,100,000	11.99%	$1,002,534
Scenario I	12	2.5%	$241,304	$925,000	$11,100,000	8.66%	$746,508
Scenario J	12	5.0%	$482,609	$925,000	$11,100,000	5.53%	$490,482
Scenario K	12	7.5%	$723,913	$925,000	$11,100,000	2.57%	$234,456
Scenario L	12	10.0%	$965,217	$925,000	$11,100,000	-0.23%	-$21,569

5.3.3 Summary Graph – Frankton Road



6 CONCLUDING COMMENTS

6.1 GREENFIELD

Our research has revealed the impact of providing affordable housing by way of gifting sections, selling discounted sections and paying a levy to Council. The extent to which these occur impacts directly on the underlying value of the block land.

Our approach has been to establish a nominal block of 11.5955ha at Hanley's Park. This represents a mid-point with regard to block land development in the district. Many sites provide higher valued sections as do an equal number provide lower-valued sections in the district. The Hanley's Park scenario provides a good base from which to advance further research into the impacts of an affordable housing policy.

To gain a more complete picture of the impact of providing affordable housing solutions on the district we would recommend varying the scale of development as a key variable.

We would also recommend running a model with a greater degree of elevated contour and potentially lower density sites.

A lower-valued area such as Kingston, Glenorchy or Luggate could be considered. These localities have more modest section values and longer sell-down periods (typically). Also, a higher valued development such as Kelvin Peninsula could be considered.

The Queenstown region has typically experienced the boom and bust cycles to a greater degree than other regions. During the bust cycles, it is difficult to obtain suitable development funding and section values typically decline. We would recommend models be considered in 1 - oversupplied market, 2 - balanced market, 3 - undersupplied market.

6.2 BROWNFIELD

Our research has revealed the impact of providing affordable housing by way of selling discounted units, gifting units and paying a levy to Council. The extent to which these occur impacts directly on the profit a developer takes for undertaking the project and overall incentive to proceed.

Our approach has been to establish two nominal sites that could support a 12 unit complex of orthodox design and finish. All units are 2 bedroom and provide single car garaging.

The construction costs adopted are relatively 'modest'. It could be argued that an efficient operator could obtain a 'builders margin' on the construction cost which would be over and above the 'development margin' sought for the entire project. For an 'average efficient' operator, we do not believe a substantial 'builders margin' is available on the construction cost we have adopted.

Additional consideration could be to include a range of units ranging from studio, 1, 2, 3 and 4 bedroom units. The scale of the block could be increased to test a more varied density of units or conversely reduced to test the impact of the policy on a reduced scale development.

We could extend the scenario to include Wanaka. It is not as likely that brownfield developments would occur outside of central Queenstown and Wanaka at this time.

6.3 NATIONAL POLICY STATEMENT ON URBAN DEVELOPMENT CAPACITY SPREADSHEET

Our clients have provided us with a spreadsheet developed by Ministry of Business Innovation and Employment (MBIE) to support the National Policy Statement on Urban Development Capacity. The tool is intended to be useful in determining the feasibility of both greenfield and brownfield developments.

6.3.1 Greenfield Model

The MBIE model works on the basis of knowing the market value of the block land before commencing the feasibility. The value of the raw block is the key variable that the developer is seeking to establish. A number of iterations of various types of development are usually applied to unpack the scenario that gives the highest residual value and thus is the 'highest and best use' of the land. Having to input the block land value at the beginning of the process is a significant limitation with the model in our view.

The model does not appear to cope with multiple staged developments but appears to complete the development in one stage.

If we adopt the market value of the property at $14,176,000 (as per our model without any affordable home component) the profit is indicated at $4,580,077. This compares with $9,125,936 based on the hypothetical subdivision model. The difference is material, and is likely to eventuate (primarily) because of the timing of cash flows (one stage MBIE model versus the three stage TelferYoung model) and the treatment of interest and holding costs.

If we were to include the various affordable housing scenarios, additional variation would likely occur (not paying selling, marketing and development contributions on sections gifted to Council for example).

It is not possible to know what the block value of the land is without first valuing the property. We do not recommend the use of the MBIE model for greenfield sites.

6.3.2 Brownfield Model

The MBIE model appears to fit the brownfield scenario with a greater degree of accuracy than the greenfield scenario. We adopted the Fryer Street model and entered the inputs. The profit established was $771,505 or 10.20% using the MBIE model. This compares with $844,860 or 11.65% using the hypothetical subdivision method. The variation again appears to be the treatment of interest and holding costs.

If we were to include the various affordable housing scenarios, additional variation would likely occur (not paying selling, marketing and development contributions on units gifted to Council for example). If the unit development was to be staged, the model would not cope with this variation.

The MBIE model is better suited to brownfield developments however the variation that occurs and the likely inability to cope with the various affordable housing scenarios is concerning. It is possible the model could be amended to reduce the variations.

7 STATEMENT OF LIMITING CONDITIONS AND ADVISORY POLICY

Purpose
This report has been completed for the specific advisory purpose stated. No responsibility is accepted in the event that this report is used for any other purpose. We do not accept liability for losses arising from reliance on our value estimate.

This report is indicative in nature and should not be relied upon as a basis for any contract that relies upon this indication as a statement of value for the purpose of sale or purchase of a property or as an asset value to be relied upon by any other third party.

Responsibility to third party
Our responsibility is limited to the client to whom the report is addressed and to that client only. We disclaim all responsibility and will accept no liability to any other party without first obtaining the written consent of TelferYoung (Canterbury) Limited and the author of the report. TelferYoung (Canterbury) Limited reserves the right to alter, amend, explain or limit any further information given to any other party.

Reproduction of report
Neither the whole nor any part of this advisory report or any reference to it may be included in any published document, circular or statement without first obtaining our written approval of the form and context in which it may appear. Our report is only valid when bearing the Valuer's signature.

Date of advice
Unless otherwise stated, the effective date of the advice is the date of the report. The advice provided is current as at the effective date only. The market may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property).

Reliability of data
The data and statistical information contained herein was gathered for advisory purposes from reliable, commonly utilised industry sources. Whilst we have endeavoured to ensure that the data and information is correct, in many cases, we cannot specifically verify the information at source and therefore cannot guarantee its accuracy.

Assumptions
This report contains assumptions believed to be fair and reasonable at the date of reporting. In the event that assumptions made based on information relied upon is later proven incorrect, or known by the recipient to be incorrect at the date of reporting, TelferYoung (Canterbury) Limited reserves the right to reconsider the report and advice provided.

GST
The available sources of sales data upon which our value estimate is based generally do not identify whether or not a sale price is inclusive or exclusive of GST. Unless it has been necessary and possible to specifically verify the GST status of a particular sale, it has been assumed that available sale price data has been transacted on a GST inclusive (if any) basis, which is in accordance with standard industry practice for most residential property. Should this interpretation not be correct for any particular sale or rental used as evidence, we reserve the right to reconsider our value estimate.

Contamination
Unless otherwise stated our report assumes that the land and buildings are unaffected by harmful contaminants or noxious materials which may impact on value. Verification that the property is free from contamination and has not been affected by noxious materials should be obtained from a suitably qualified environmental expert.

Please contact the writer should you wish to discuss any matters raised in this report.

Yours faithfully

TelferYoung (Canterbury) Limited

Martin Winder
B Com (VPM), ANZIV, MPINZ
Registered Valuer
Director
E martin.winder@telferyoung.com

APPENDIX A

GREENFIELD - HYPOTHETICAL SUBDIVISION METHOD WORKSHEETS

Greenfield - Hanley's Farm

Scenario A				Inputs
Average section area (m²)				350
Average section area (m²)				475
Average section value - 350m² (incl GST)				$280,000
Average section value - 475m² (incl GST)				$330,000
Number sections - 350m²				77
Number sections - 475m²				100
Staging (pre Council sections)	Stage 1	Stage 2	Stage 3	Total
Number sections - 350m²	27	25	25	77
Number sections - 475m²	35	35	30	100
Total (not considering Council gifted sections)	62	60	55	177
Council Affordable Housing Levy				0.0%
Staging (Council's gift sections)	Stage 1	Stage 2	Stage 3	
Number sections - 350m²	0	0	0	0
Number sections - 475m²	0	0	0	0
Total	0	0	0	0
Staging	Stage 1	Stage 2	Stage 3	Total
Number sections - 350m²	27	25	25	77
Number sections - 475m²	35	35	30	100
Total (considering Council gifted sections)	62	60	55	177
Legal per lot				$1,000
Sales commissions				3.00%
Profit and risk				25.00%
Direct development costs per lot (inc contingency)				$72,000
Trunk connection costs				$1,000,000
Promotion per lot				$2,000
Development contribution per additional lot				$32,954
Staging	Stage 1	Stage 2	Stage 3	Total
Development and realisation period (yrs)	1.58	1.33	1.25	3.5
Deferment (yrs)	0.00	1.25	2.25	
Interest Rate				5.75%

Description - Stage 1				Calculations
Section Sales - 350m²		27	$280,000	$7,560,000
Section Sales - 475m²		35	$330,000	$11,550,000
Total Section Sales		62		**$19,110,000**
■ Less GST				$2,492,609
Net Realisation				**$16,617,391**
Less Costs of Sales				
■ Legal		62	$62,000	
■ Commissions		62	$573,300	$635,300
Net Realisation				**$15,982,091**
Less Profit & Risk on Outlay			25.00%	$3,196,418
Outlay				**$12,785,673**
Less Development Costs				
■ Direct development		62	$4,464,000	
■ Trunk connection costs			$1,000,000	
■ Interest			$582,014	
■ Promotion			$124,000	
■ Development contributions			$2,010,194	$8,180,208
Residual Land Value				**$4,605,465**
Adopt – Exclusive of GST				**$4,605,000**

Description - Stage 2				Calculations
Section Sales - 350m²		25	$280,000	$7,000,000
Section Sales - 475m²		35	$330,000	$11,550,000
Total Section Sales		60		**$18,550,000**
■ Less GST				$2,419,565
Net Realisation				**$16,130,435**
Less Costs of Sales				
■ Legal		60	$60,000	
■ Commissions		60	$556,500	$616,500
Net Realisation				**$15,513,935**
Less Profit & Risk on Outlay			25.00%	$3,102,787
Outlay				**$12,411,148**
Less Development Costs				
■ Direct development		60	$4,320,000	
■ Trunk connection costs			$0	
■ Interest			$475,761	
■ Promotion			$120,000	
■ Development contributions			$1,977,240	$6,893,001
Residual Land Value				**$5,518,147**
Deferred	1.25 yrs	@	5.75%	$5,145,680
Adopt – Exclusive of GST				**$5,146,000**

Description - Stage 3				Calculations
Section Sales - 350m²		25	$280,000	$7,000,000
Section Sales - 475m²		30	$330,000	$9,900,000
Total Section Sales		55		**$16,900,000**
▪ Less GST				$2,204,348
Net Realisation				**$14,695,652**
Less Costs of Sales				
▪ Legal		55	$55,000	
▪ Commissions		55	$507,000	$562,000
Net Realisation				**$14,133,652**
Less Profit & Risk on Outlay			25.00%	$2,826,730
Outlay				**$11,306,922**
Less Development Costs				
▪ Direct development		55	$3,960,000	
▪ Trunk connection costs			$0	
▪ Interest			$406,343	
▪ Promotion			$110,000	
▪ Development contributions			$1,812,470	$6,288,813
Residual Land Value				**$5,018,109**
Deferred	2.25 yrs	@	5.75%	$4,424,959
Adopt – Exclusive of GST				**$4,425,000**

Stage	Total
Stage 1	$4,605,000
Stage 2	$5,146,000
Stage 3	$4,425,000
Total	**$14,176,000**

Greenfield - Hanley's Farm

Scenario B				Inputs
Average section area (m²)				350
Average section area (m²)				475
Average section value - 350m² (incl GST)				$280,000
Average section value - 475m² (incl GST)				$330,000
Number sections - 350m²				77
Number sections - 475m²				100
Staging (pre Council sections)	Stage 1	Stage 2	Stage 3	Total
Number sections - 350m²	27	25	25	77
Number sections - 475m²	35	35	30	100
Total (not considering Council gifted sections)	62	60	55	177
Council Affordable Housing Levy				5.0%
Staging (Council's gift sections)	Stage 1	Stage 2	Stage 3	
Number sections - 350m²	2	2	2	6
Number sections - 475m²	2	2	2	6
Total	4	4	4	12
Staging	Stage 1	Stage 2	Stage 3	Total
Number sections - 350m²	25	23	23	71
Number sections - 475m²	33	33	28	94
Total (considering Council gifted sections)	58	56	51	165
Legal per lot				$1,000
Sales commissions				3.00%
Profit and risk				25.00%
Direct development costs per lot (inc contingency)				$72,000
Trunk connection costs				$1,000,000
Promotion per lot				$2,000
Development contribution per additional lot				$32,954
Staging	Stage 1	Stage 2	Stage 3	Total
Development and realisation period (yrs)	1.58	1.33	1.25	3.5
Deferment (yrs)	0.00	1.25	2.25	
Interest Rate				5.75%

Description - Stage 1				Calculations
Section Sales - 350m²		25	$280,000	$7,000,000
Section Sales - 475m²		33	$330,000	$10,890,000
Total Section Sales		58		**$17,890,000**
■ Less GST				$2,333,478
Net Realisation				**$15,556,522**
Less Costs of Sales				
■ Legal		58	$58,000	
■ Commissions		58	$536,700	$594,700
Net Realisation				**$14,961,822**
Less Profit & Risk on Outlay			25.00%	$2,992,364
Outlay				**$11,969,457**
Less Development Costs				
■ Direct development		62	$4,464,000	
■ Trunk connection costs			$1,000,000	
■ Interest			$544,860	
■ Promotion			$116,000	
■ Development contributions			$1,878,378	$8,003,238
Residual Land Value				**$3,966,220**
Adopt – Exclusive of GST				**$3,966,000**

Description - Stage 2				Calculations
Section Sales - 350m²		23	$280,000	$6,440,000
Section Sales - 475m²		33	$330,000	$10,890,000
Total Section Sales		56		**$17,330,000**
■ Less GST				$2,260,435
Net Realisation				**$15,069,565**
Less Costs of Sales				
■ Legal		56	$56,000	
■ Commissions		56	$519,900	$575,900
Net Realisation				**$14,493,665**
Less Profit & Risk on Outlay			25.00%	$2,898,733
Outlay				**$11,594,932**
Less Development Costs				
■ Direct development		60	$4,320,000	
■ Trunk connection costs			$0	
■ Interest			$444,472	
■ Promotion			$112,000	
■ Development contributions			$1,845,424	$6,721,896
Residual Land Value				**$4,873,036**
Deferred	1.25 yrs	@	5.75%	$4,544,113
Adopt – Exclusive of GST				**$4,544,000**

Description - Stage 3				Calculations
Section Sales - 350m²		23	$280,000	$6,440,000
Section Sales - 475m²		28	$330,000	$9,240,000
Total Section Sales		51		**$15,680,000**
■ Less GST				$2,045,217
Net Realisation				**$13,634,783**
Less Costs of Sales				
■ Legal		51	$51,000	
■ Commissions		51	$470,400	$521,400
Net Realisation				**$13,113,383**
Less Profit & Risk on Outlay			25.00%	$2,622,677
Outlay				**$10,490,706**
Less Development Costs				
■ Direct development		55	$3,960,000	
■ Trunk connection costs			$0	
■ Interest			$377,010	
■ Promotion			$102,000	
■ Development contributions			$1,680,654	$6,119,664
Residual Land Value				**$4,371,042**
Deferred	2.25 yrs	@	5.75%	$3,854,377
Adopt – Exclusive of GST				**$3,854,000**

Stage	Total
Stage 1	$3,966,000
Stage 2	$4,544,000
Stage 3	$3,854,000
Total	**$12,364,000**

Greenfield - Hanley's Farm

Scenario C				Inputs
Average section area (m²)				350
Average section area (m²)				475
Average section value - 350m² (incl GST)				$280,000
Average section value - 475m² (incl GST)				$330,000
Number sections - 350m²				77
Number sections - 475m²				100
Staging (pre Council sections)	Stage 1	Stage 2	Stage 3	Total
Number sections - 350m²	27	25	25	77
Number sections - 475m²	35	35	30	100
Total (not considering Council gifted sections)	62	60	55	177
Council Affordable Housing Levy				10.0%
Staging (Council's gift sections)	Stage 1	Stage 2	Stage 3	
Number sections - 350m²	3	3	3	9
Number sections - 475m²	4	4	3	11
Total	7	7	6	20
Staging	Stage 1	Stage 2	Stage 3	Total
Number sections - 350m²	24	22	22	68
Number sections - 475m²	31	31	27	89
Total (considering Council gifted sections)	55	53	49	157
Legal per lot				$1,000
Sales commissions				3.00%
Profit and risk				25.00%
Direct development costs per lot (inc contingency)				$72,000
Trunk connection costs				$1,000,000
Promotion per lot				$2,000
Development contribution per additional lot				$32,954
Staging	Stage 1	Stage 2	Stage 3	Total
Development and realisation period (yrs)	1.58	1.33	1.25	3.5
Deferment (yrs)	0.00	1.25	2.25	
Interest Rate				5.75%

Description - Stage 1				Calculations
Section Sales - 350m²		24	$280,000	$6,720,000
Section Sales - 475m²		31	$330,000	$10,230,000
Total Section Sales		55		**$16,950,000**
■ Less GST				$2,210,870
Net Realisation				**$14,739,130**
Less Costs of Sales				
■ Legal		55	$55,000	
■ Commissions		55	$508,500	$563,500
Net Realisation				**$14,175,630**
Less Profit & Risk on Outlay			25.00%	$2,835,126
Outlay				**$11,340,504**
Less Development Costs				
■ Direct development		62	$4,464,000	
■ Trunk connection costs			$1,000,000	
■ Interest			$516,229	
■ Promotion			$110,000	
■ Development contributions			$1,779,516	$7,869,745
Residual Land Value				**$3,470,759**
Adopt – Exclusive of GST				**$3,471,000**

Description - Stage 2				Calculations
Section Sales - 350m²		22	$280,000	$6,160,000
Section Sales - 475m²		31	$330,000	$10,230,000
Total Section Sales		53		**$16,390,000**
■ Less GST				$2,137,826
Net Realisation				**$14,252,174**
Less Costs of Sales				
■ Legal		53	$53,000	
■ Commissions		53	$491,700	$544,700
Net Realisation				**$13,707,474**
Less Profit & Risk on Outlay			25.00%	$2,741,495
Outlay				**$10,965,979**
Less Development Costs				
■ Direct development		60	$4,320,000	
■ Trunk connection costs			$0	
■ Interest			$420,363	
■ Promotion			$106,000	
■ Development contributions			$1,746,562	$6,592,925
Residual Land Value				**$4,373,055**
Deferred	1.25 yrs	@	5.75%	$4,077,880
Adopt – Exclusive of GST				**$4,078,000**

Description - Stage 3				Calculations
Section Sales - 350m²		22	$280,000	$6,160,000
Section Sales - 475m²		27	$330,000	$8,910,000
Total Section Sales		49		**$15,070,000**
■ Less GST				$1,965,652
Net Realisation				**$13,104,348**
Less Costs of Sales				
■ Legal		49	$49,000	
■ Commissions		49	$452,100	$501,100
Net Realisation				**$12,603,248**
Less Profit & Risk on Outlay			25.00%	$2,520,650
Outlay				**$10,082,598**
Less Development Costs				
■ Direct development		55	$3,960,000	
■ Trunk connection costs			$0	
■ Interest			$362,343	
■ Promotion			$98,000	
■ Development contributions			$1,614,746	$6,035,089
Residual Land Value				**$4,047,509**
Deferred	2.25 yrs	@	5.75%	$3,569,086
Adopt – Exclusive of GST				**$3,569,000**

Stage	Total
Stage 1	$3,471,000
Stage 2	$4,078,000
Stage 3	$3,569,000
Total	**$11,118,000**

Greenfield - Hanley's Farm

Scenario D				**Inputs**
Average section area (m²)				350
Average section area (m²)				475
Average section value - 350m² (incl GST)				$280,000
Average section value - 475m² (incl GST)				$330,000
Number sections - 350m²				77
Number sections - 475m²				100
Staging (pre Council sections)	Stage 1	Stage 2	Stage 3	Total
Number sections - 350m²	27	25	25	77
Number sections - 475m²	35	35	30	100
Total (not considering Council gifted sections)	62	60	55	177
Council Affordable Housing Levy				15.0%
Staging (Council's gift sections)	Stage 1	Stage 2	Stage 3	
Number sections - 350m²	5	4	4	13
Number sections - 475m²	6	6	5	17
Total	11	10	9	30
Staging	Stage 1	Stage 2	Stage 3	Total
Number sections - 350m²	22	21	21	64
Number sections - 475m²	29	29	25	83
Total (considering Council gifted sections)	51	50	46	147
Legal per lot				$1,000
Sales commissions				3.00%
Profit and risk				25.00%
Direct development costs per lot (inc contingency)				$72,000
Trunk connection costs				$1,000,000
Promotion per lot				$2,000
Development contribution per additional lot				$32,954
Staging	Stage 1	Stage 2	Stage 3	Total
Development and realisation period (yrs)	1.58	1.33	1.25	3.5
Deferment (yrs)	0.00	1.25	2.25	
Interest Rate				5.75%

Description - Stage 1				Calculations
Section Sales - 350m²		22	$280,000	$6,160,000
Section Sales - 475m²		29	$330,000	$9,570,000
Total Section Sales		51		**$15,730,000**
■ Less GST				$2,051,739
Net Realisation				**$13,678,261**
Less Costs of Sales				
■ Legal		51	$51,000	
■ Commissions		51	$471,900	$522,900
Net Realisation				**$13,155,361**
Less Profit & Risk on Outlay			25.00%	$2,631,072
Outlay				**$10,524,289**
Less Development Costs				
■ Direct development		62	$4,464,000	
■ Trunk connection costs			$1,000,000	
■ Interest			$479,074	
■ Promotion			$102,000	
■ Development contributions			$1,647,700	$7,692,774
Residual Land Value				**$2,831,514**
Adopt – Exclusive of GST				**$2,832,000**

Description - Stage 2				Calculations
Section Sales - 350m²		21	$280,000	$5,880,000
Section Sales - 475m²		29	$330,000	$9,570,000
Total Section Sales		50		**$15,450,000**
■ Less GST				$2,015,217
Net Realisation				**$13,434,783**
Less Costs of Sales				
■ Legal		50	$50,000	
■ Commissions		50	$463,500	$513,500
Net Realisation				**$12,921,283**
Less Profit & Risk on Outlay			25.00%	$2,584,257
Outlay				**$10,337,026**
Less Development Costs				
■ Direct development		60	$4,320,000	
■ Trunk connection costs			$0	
■ Interest			$396,253	
■ Promotion			$100,000	
■ Development contributions			$1,647,700	$6,463,953
Residual Land Value				**$3,873,073**
Deferred	1.25 yrs	@	5.75%	$3,611,647
Adopt – Exclusive of GST				**$3,612,000**

Description - Stage 3				Calculations
Section Sales - 350m²		21	$280,000	$5,880,000
Section Sales - 475m²		25	$330,000	$8,250,000
Total Section Sales		46		**$14,130,000**
■ Less GST				$1,843,043
Net Realisation				**$12,286,957**
Less Costs of Sales				
■ Legal		46	$46,000	
■ Commissions		46	$423,900	$469,900
Net Realisation				**$11,817,057**
Less Profit & Risk on Outlay			25.00%	$2,363,411
Outlay				**$9,453,645**
Less Development Costs				
■ Direct development		55	$3,960,000	
■ Trunk connection costs			$0	
■ Interest			$339,740	
■ Promotion			$92,000	
■ Development contributions			$1,515,884	$5,907,624
Residual Land Value				**$3,546,021**
Deferred	2.25 yrs	@	5.75%	$3,126,874
Adopt – Exclusive of GST				**$3,127,000**

Stage	Total
Stage 1	$2,832,000
Stage 2	$3,612,000
Stage 3	$3,127,000
Total	**$9,571,000**

Greenfield - Hanley's Farm

Scenario E				Inputs
Average section area (m²)				350
Average section area (m²)				475
Average section value - 350m² (incl GST)				$280,000
Average section value - 475m² (incl GST)				$330,000
Number sections - 350m²				77
Number sections - 475m²				100
Staging (pre Council sections)	Stage 1	Stage 2	Stage 3	Total
Number sections - 350m²	27	25	25	77
Number sections - 475m²	35	35	30	100
Total (not considering Council gifted sections)	62	60	55	177
Council Affordable Housing Levy				20.0%
Staging (Council's gift sections)	Stage 1	Stage 2	Stage 3	
Number sections - 350m²	6	5	5	16
Number sections - 475m²	7	7	6	20
Total	13	12	11	36
Staging	Stage 1	Stage 2	Stage 3	Total
Number sections - 350m²	21	20	20	61
Number sections - 475m²	28	28	24	80
Total (considering Council gifted sections)	49	48	44	141
Legal per lot				$1,000
Sales commissions				3.00%
Profit and risk				25.00%
Direct development costs per lot (inc contingency)				$72,000
Trunk connection costs				$1,000,000
Promotion per lot				$2,000
Development contribution per additional lot				$32,954
Staging	Stage 1	Stage 2	Stage 3	Total
Development and realisation period (yrs)	1.58	1.33	1.25	3.5
Deferment (yrs)	0.00	1.25	2.25	
Interest Rate				5.75%

Description - Stage 1			Calculations
Section Sales - 350m²	21	$280,000	$5,880,000
Section Sales - 475m²	28	$330,000	$9,240,000
Total Section Sales	49		**$15,120,000**
■ Less GST			$1,972,174
Net Realisation			**$13,147,826**
Less Costs of Sales			
■ Legal	49	$49,000	
■ Commissions	49	$453,600	$502,600
Net Realisation			**$12,645,226**
Less Profit & Risk on Outlay		25.00%	$2,529,045
Outlay			**$10,116,181**
Less Development Costs			
■ Direct development	62	$4,464,000	
■ Trunk connection costs		$1,000,000	
■ Interest		$460,497	
■ Promotion		$98,000	
■ Development contributions		$1,581,792	$7,604,289
Residual Land Value			**$2,511,892**
Adopt – Exclusive of GST			**$2,512,000**

Description - Stage 2				Calculations
Section Sales - 350m²		20	$280,000	$5,600,000
Section Sales - 475m²		28	$330,000	$9,240,000
Total Section Sales		48		**$14,840,000**
■ Less GST				$1,935,652
Net Realisation				**$12,904,348**
Less Costs of Sales				
■ Legal		48	$48,000	
■ Commissions		48	$445,200	$493,200
Net Realisation				**$12,411,148**
Less Profit & Risk on Outlay			25.00%	$2,482,230
Outlay				**$9,928,918**
Less Development Costs				
■ Direct development		60	$4,320,000	
■ Trunk connection costs			$0	
■ Interest			$380,609	
■ Promotion			$96,000	
■ Development contributions			$1,581,792	$6,378,401
Residual Land Value				**$3,550,518**
Deferred	1.25 yrs	@	5.75%	$3,310,863
Adopt – Exclusive of GST				**$3,311,000**

Description - Stage 3				Calculations
Section Sales - 350m²		20	$280,000	$5,600,000
Section Sales - 475m²		24	$330,000	$7,920,000
Total Section Sales		44		**$13,520,000**
■ Less GST				$1,763,478
Net Realisation				**$11,756,522**
Less Costs of Sales				
■ Legal		44	$44,000	
■ Commissions		44	$405,600	$449,600
Net Realisation				**$11,306,922**
Less Profit & Risk on Outlay			25.00%	$2,261,384
Outlay				**$9,045,537**
Less Development Costs				
■ Direct development		55	$3,960,000	
■ Trunk connection costs			$0	
■ Interest			$325,074	
■ Promotion			$88,000	
■ Development contributions			$1,449,976	$5,823,050
Residual Land Value				**$3,222,487**
Deferred	2.25 yrs	@	5.75%	$2,841,583
Adopt – Exclusive of GST				**$2,842,000**

Stage	Total
Stage 1	$2,512,000
Stage 2	$3,311,000
Stage 3	$2,842,000
Total	**$8,665,000**

Greenfield - Hanley's Farm

Scenario F				Inputs
Average section area (m²)				350
Average section area (m²)				475
Average section value - 350m² (incl GST)				$280,000
Average section value - 475m² (incl GST)				$330,000
Number sections - 350m²				77
Number sections - 475m²				100
Staging (pre Council sections)	Stage 1	Stage 2	Stage 3	Total
Number sections - 350m²	27	25	25	77
Number sections - 475m²	35	35	30	100
Total (not considering discounted sections)	62	60	55	177
Council Affordable Housing Levy				0.0%
Staging (discounted sections)	Stage 1	Stage 2	Stage 3	
Number sections - 350m²	0	0	0	0
Number sections - 475m²	0	0	0	0
Total	0	0	0	0
Staging	Stage 1	Stage 2	Stage 3	Total
Number non-discounted sections - 350m²	27	25	25	77
Number non-discounted sections - 475m²	35	35	30	100
Total (non-discounted sections)	62	60	55	177
Discounted section value - 350m²				$200,000
Discounted section value - 475m²				$250,000
Legal per lot				$1,000
Sales commissions				3.00%
Profit and risk				25.00%
Direct development costs per lot (inc contingency)				$72,000
Trunk connection costs				$1,000,000
Promotion per lot				$2,000
Development contribution per additional lot				$32,954
Staging	Stage 1	Stage 2	Stage 3	Total
Development and realisation period (yrs)	1.58	1.33	1.25	3.5
Deferment (yrs)	0.00	1.25	2.25	
Interest Rate				5.75%

Description - Stage 1				Calculations
Section Sales - 350m²		27	$280,000	$7,560,000
Section Sales - 475m²		35	$330,000	$11,550,000
Discounted Section Sales - 350m²		0	$200,000	$0
Discounted Section Sales - 475m²		0	$250,000	$0
Total Section Sales		62		**$19,110,000**
▪ Less GST				$2,492,609
Net Realisation				**$16,617,391**
Less Costs of Sales				
▪ Legal		62	$62,000	
▪ Commissions		62	$573,300	$635,300
Net Realisation				**$15,982,091**
Less Profit & Risk on Outlay			25.00%	$3,196,418
Outlay				**$12,785,673**
Less Development Costs				
▪ Direct development		62	$4,464,000	
▪ Trunk connection costs			$1,000,000	
▪ Interest			$582,014	
▪ Promotion			$124,000	
▪ Development contributions			$2,010,194	$8,180,208
Residual Land Value				**$4,605,465**
Adopt – Exclusive of GST				**$4,605,000**

Description - Stage 2				Calculations
Section Sales - 350m²		25	$280,000	$7,000,000
Section Sales - 475m²		35	$330,000	$11,550,000
Discounted Section Sales - 350m²		0	$200,000	$0
Discounted Section Sales - 475m²		0	$250,000	$0
Total Section Sales		60		**$18,550,000**
▪ Less GST				$2,419,565
Net Realisation				**$16,130,435**
Less Costs of Sales				
▪ Legal		60	$60,000	
▪ Commissions		60	$556,500	$616,500
Net Realisation				**$15,513,935**
Less Profit & Risk on Outlay			25.00%	$3,102,787
Outlay				**$12,411,148**
Less Development Costs				
▪ Direct development		60	$4,320,000	
▪ Trunk connection costs			$0	
▪ Interest			$475,761	
▪ Promotion			$120,000	
▪ Development contributions			$1,977,240	$6,893,001
Residual Land Value				**$5,518,147**
Deferred	1.25 yrs	@	5.75%	$5,145,680
Adopt – Exclusive of GST				**$5,146,000**

Description - Stage 3				Calculations
Section Sales - 350m²		25	$280,000	$7,000,000
Section Sales - 475m²		30	$330,000	$9,900,000
Discounted Section Sales - 350m²		0	$200,000	$0
Discounted Section Sales - 475m²		0	$250,000	$0
Total Section Sales		55		**$16,900,000**
■ Less GST				$2,204,348
Net Realisation				**$14,695,652**
Less Costs of Sales				
■ Legal		55	$55,000	
■ Commissions		55	$507,000	$562,000
Net Realisation				**$14,133,652**
Less Profit & Risk on Outlay			25.00%	$2,826,730
Outlay				**$11,306,922**
Less Development Costs				
■ Direct development		55	$3,960,000	
■ Trunk connection costs			$0	
■ Interest			$406,343	
■ Promotion			$110,000	
■ Development contributions			$1,812,470	$6,288,813
Residual Land Value				**$5,018,109**
Deferred	2.25 yrs	@	5.75%	$4,424,959
Adopt – Exclusive of GST				**$4,425,000**

Stage	Total
Stage 1	$4,605,000
Stage 2	$5,146,000
Stage 3	$4,425,000
Total	**$14,176,000**

Greenfield - Hanley's Farm

Scenario G				Inputs
Average section area (m²)				350
Average section area (m²)				475
Average section value - 350m² (incl GST)				$280,000
Average section value - 475m² (incl GST)				$330,000
Number sections - 350m²				77
Number sections - 475m²				100
Staging (pre Council sections)	Stage 1	Stage 2	Stage 3	Total
Number sections - 350m²	27	25	25	77
Number sections - 475m²	35	35	30	100
Total (not considering discounted sections)	62	60	55	177
Council Affordable Housing Levy				5.0%
Staging (discounted sections)	Stage 1	Stage 2	Stage 3	
Number sections - 350m²	2	2	2	6
Number sections - 475m²	2	2	2	6
Total	4	4	4	12
Staging	Stage 1	Stage 2	Stage 3	Total
Number non-discounted sections - 350m²	25	23	23	71
Number non-discounted sections - 475m²	33	33	28	94
Total (non-discounted sections)	58	56	51	165
Discounted section value - 350m²				$200,000
Discounted section value - 475m²				$250,000
Legal per lot				$1,000
Sales commissions				3.00%
Profit and risk				25.00%
Direct development costs per lot (inc contingency)				$72,000
Trunk connection costs				$1,000,000
Promotion per lot				$2,000
Development contribution per additional lot				$32,954
Staging	Stage 1	Stage 2	Stage 3	Total
Development and realisation period (yrs)	1.58	1.33	1.25	3.5
Deferment (yrs)	0.00	1.25	2.25	
Interest Rate				5.75%

Description - Stage 1				Calculations
Section Sales - 350m²		25	$280,000	$7,000,000
Section Sales - 475m²		33	$330,000	$10,890,000
Discounted Section Sales - 350m²		2	$200,000	$400,000
Discounted Section Sales - 475m²		2	$250,000	$500,000
Total Section Sales		62		**$18,790,000**
■ Less GST				$2,450,870
Net Realisation				**$16,339,130**
Less Costs of Sales				
■ Legal		62	$62,000	
■ Commissions		62	$563,700	$625,700
Net Realisation				**$15,713,430**
Less Profit & Risk on Outlay			25.00%	$3,142,686
Outlay				**$12,570,744**
Less Development Costs				
■ Direct development		62	$4,464,000	
■ Trunk connection costs			$1,000,000	
■ Interest			$572,231	
■ Promotion			$124,000	
■ Development contributions			$2,010,194	$8,170,425
Residual Land Value				**$4,400,320**
Adopt – Exclusive of GST				**$4,400,000**

Description - Stage 2				Calculations
Section Sales - 350m²		23	$280,000	$6,440,000
Section Sales - 475m²		33	$330,000	$10,890,000
Discounted Section Sales - 350m²		2	$200,000	$400,000
Discounted Section Sales - 475m²		2	$250,000	$500,000
Total Section Sales		60		**$18,230,000**
■ Less GST				$2,377,826
Net Realisation				**$15,852,174**
Less Costs of Sales				
■ Legal		60	$60,000	
■ Commissions		60	$546,900	$606,900
Net Realisation				**$15,245,274**
Less Profit & Risk on Outlay			25.00%	$3,049,055
Outlay				**$12,196,219**
Less Development Costs				
■ Direct development		60	$4,320,000	
■ Trunk connection costs			$0	
■ Interest			$467,522	
■ Promotion			$120,000	
■ Development contributions			$1,977,240	$6,884,762
Residual Land Value				**$5,311,457**
Deferred	1.25 yrs	@	5.75%	$4,952,942
Adopt – Exclusive of GST				**$4,953,000**

Description - Stage 3				**Calculations**
Section Sales - 350m^2		23	$280,000	$6,440,000
Section Sales - 475m^2		28	$330,000	$9,240,000
Discounted Section Sales - 350m^2		2	$200,000	$400,000
Discounted Section Sales - 475m^2		2	$250,000	$500,000
Total Section Sales		55		**$16,580,000**
■ Less GST				$2,162,609
Net Realisation				**$14,417,391**
Less Costs of Sales				
■ Legal		55	$55,000	
■ Commissions		55	$497,400	$552,400
Net Realisation				**$13,864,991**
Less Profit & Risk on Outlay			25.00%	$2,772,998
Outlay				**$11,091,993**
Less Development Costs				
■ Direct development		55	$3,960,000	
■ Trunk connection costs			$0	
■ Interest			$398,619	
■ Promotion			$110,000	
■ Development contributions			$1,812,470	$6,281,089
Residual Land Value				**$4,810,905**
Deferred	2.25 yrs	@	5.75%	$4,242,246
Adopt – Exclusive of GST				**$4,242,000**

Stage	**Total**
Stage 1	$4,400,000
Stage 2	$4,953,000
Stage 3	$4,242,000
Total	**$13,595,000**

Greenfield - Hanley's Farm

Scenario H				Inputs
Average section area (m²)				350
Average section area (m²)				475
Average section value - 350m² (incl GST)				$280,000
Average section value - 475m² (incl GST)				$330,000
Number sections - 350m²				77
Number sections - 475m²				100
Staging (pre Council sections)	Stage 1	Stage 2	Stage 3	Total
Number sections - 350m²	27	25	25	77
Number sections - 475m²	35	35	30	100
Total (not considering discounted sections)	62	60	55	177
Council Affordable Housing Levy				10.0%
Staging (discounted sections)	Stage 1	Stage 2	Stage 3	
Number sections - 350m²	3	3	3	9
Number sections - 475m²	4	4	3	11
Total	7	7	6	20
Staging	Stage 1	Stage 2	Stage 3	Total
Number non-discounted sections - 350m²	24	22	22	68
Number non-discounted sections - 475m²	31	31	27	89
Total (non-discounted sections)	55	53	49	157
Discounted section value - 350m²				$200,000
Discounted section value - 475m²				$250,000
Legal per lot				$1,000
Sales commissions				3.00%
Profit and risk				25.00%
Direct development costs per lot (inc contingency)				$72,000
Trunk connection costs				$1,000,000
Promotion per lot				$2,000
Development contribution per additional lot				$32,954
Staging	Stage 1	Stage 2	Stage 3	Total
Development and realisation period (yrs)	1.58	1.33	1.25	3.5
Deferment (yrs)	0.00	1.25	2.25	
Interest Rate				5.75%

Description - Stage 1				Calculations
Section Sales - 350m²		24	$280,000	$6,720,000
Section Sales - 475m²		31	$330,000	$10,230,000
Discounted Section Sales - 350m²		3	$200,000	$600,000
Discounted Section Sales - 475m²		4	$250,000	$1,000,000
Total Section Sales		62		**$18,550,000**
■ Less GST				$2,419,565
Net Realisation				**$16,130,435**
Less Costs of Sales				
■ Legal		62	$62,000	
■ Commissions		62	$556,500	$618,500
Net Realisation				**$15,511,935**
Less Profit & Risk on Outlay			25.00%	$3,102,387
Outlay				**$12,409,548**
Less Development Costs				
■ Direct development		62	$4,464,000	
■ Trunk connection costs			$1,000,000	
■ Interest			$564,893	
■ Promotion			$124,000	
■ Development contributions			$2,010,194	$8,163,087
Residual Land Value				**$4,246,461**
Adopt – Exclusive of GST				**$4,246,000**

Description - Stage 2				Calculations
Section Sales - 350m²		22	$280,000	$6,160,000
Section Sales - 475m²		31	$330,000	$10,230,000
Discounted Section Sales - 350m²		3	$200,000	$600,000
Discounted Section Sales - 475m²		4	$250,000	$1,000,000
Total Section Sales		60		**$17,990,000**
■ Less GST				$2,346,522
Net Realisation				**$15,643,478**
Less Costs of Sales				
■ Legal		60	$60,000	
■ Commissions		60	$539,700	$599,700
Net Realisation				**$15,043,778**
Less Profit & Risk on Outlay			25.00%	$3,008,756
Outlay				**$12,035,023**
Less Development Costs				
■ Direct development		60	$4,320,000	
■ Trunk connection costs			$0	
■ Interest			$461,343	
■ Promotion			$120,000	
■ Development contributions			$1,977,240	$6,878,583
Residual Land Value				**$5,156,440**
Deferred	1.25 yrs	@	5.75%	$4,808,388
Adopt – Exclusive of GST				**$4,808,000**

Description - Stage 3				Calculations
Section Sales - 350m²		22	$280,000	$6,160,000
Section Sales - 475m²		27	$330,000	$8,910,000
Discounted Section Sales - 350m²		3	$200,000	$600,000
Discounted Section Sales - 475m²		3	$250,000	$750,000
Total Section Sales		55		**$16,420,000**
■ Less GST				$2,141,739
Net Realisation				**$14,278,261**
Less Costs of Sales				
■ Legal		55	$55,000	
■ Commissions		55	$492,600	$547,600
Net Realisation				**$13,730,661**
Less Profit & Risk on Outlay			25.00%	$2,746,132
Outlay				**$10,984,529**
Less Development Costs				
■ Direct development		55	$3,960,000	
■ Trunk connection costs			$0	
■ Interest			$394,757	
■ Promotion			$110,000	
■ Development contributions			$1,812,470	$6,277,227
Residual Land Value				**$4,707,302**
Deferred	2.25 yrs	@	5.75%	$4,150,890
Adopt – Exclusive of GST				**$4,151,000**

Stage	Total
Stage 1	$4,246,000
Stage 2	$4,808,000
Stage 3	$4,151,000
Total	**$13,205,000**

Greenfield - Hanley's Farm

Scenario I				Inputs
Average section area (m²)				350
Average section area (m²)				475
Average section value - 350m² (incl GST)				$280,000
Average section value - 475m² (incl GST)				$330,000
Number sections - 350m²				77
Number sections - 475m²				100
Staging (pre Council sections)	Stage 1	Stage 2	Stage 3	Total
Number sections - 350m²	27	25	25	77
Number sections - 475m²	35	35	30	100
Total (not considering discounted sections)	62	60	55	177
Council Affordable Housing Levy				15.0%
Staging (discounted sections)	Stage 1	Stage 2	Stage 3	
Number sections - 350m²	5	4	4	13
Number sections - 475m²	6	6	5	17
Total	11	10	9	30
Staging	Stage 1	Stage 2	Stage 3	Total
Number non-discounted sections - 350m²	22	21	21	64
Number non-discounted sections - 475m²	29	29	25	83
Total (non-discounted sections)	51	50	46	147
Discounted section value - 350m²				$200,000
Discounted section value - 475m²				$250,000
Legal per lot				$1,000
Sales commissions				3.00%
Profit and risk				25.00%
Direct development costs per lot (inc contingency)				$72,000
Trunk connection costs				$1,000,000
Promotion per lot				$2,000
Development contribution per additional lot				$32,954
Staging	Stage 1	Stage 2	Stage 3	Total
Development and realisation period (yrs)	1.58	1.33	1.25	3.5
Deferment (yrs)	0.00	1.25	2.25	
Interest Rate				5.75%

Description - Stage 1			**Calculations**
Section Sales - 350m²	22	$280,000	$6,160,000
Section Sales - 475m²	29	$330,000	$9,570,000
Discounted Section Sales - 350m²	5	$200,000	$1,000,000
Discounted Section Sales - 475m²	6	$250,000	$1,500,000
Total Section Sales	62		**$18,230,000**
■ Less GST			$2,377,826
Net Realisation			**$15,852,174**
Less Costs of Sales			
■ Legal	62	$62,000	
■ Commissions	62	$546,900	$608,900
Net Realisation			**$15,243,274**
Less Profit & Risk on Outlay		25.00%	$3,048,655
Outlay			**$12,194,619**
Less Development Costs			
■ Direct development	62	$4,464,000	
■ Trunk connection costs		$1,000,000	
■ Interest		$555,109	
■ Promotion		$124,000	
■ Development contributions		$2,010,194	$8,153,303
Residual Land Value			**$4,041,316**
Adopt – Exclusive of GST			**$4,041,000**

Description - Stage 2				**Calculations**
Section Sales - 350m²		21	$280,000	$5,880,000
Section Sales - 475m²		29	$330,000	$9,570,000
Discounted Section Sales - 350m²		4	$200,000	$800,000
Discounted Section Sales - 475m²		6	$250,000	$1,500,000
Total Section Sales		60		**$17,750,000**
■ Less GST				$2,315,217
Net Realisation				**$15,434,783**
Less Costs of Sales				
■ Legal		60	$60,000	
■ Commissions		60	$532,500	$592,500
Net Realisation				**$14,842,283**
Less Profit & Risk on Outlay			25.00%	$2,968,457
Outlay				**$11,873,826**
Less Development Costs				
■ Direct development		60	$4,320,000	
■ Trunk connection costs			$0	
■ Interest			$455,163	
■ Promotion			$120,000	
■ Development contributions			$1,977,240	$6,872,403
Residual Land Value				**$5,001,423**
Deferred	1.25 yrs	@	5.75%	$4,663,834
Adopt – Exclusive of GST				**$4,664,000**

Description - Stage 3					Calculations
Section Sales - 350m²			21	$280,000	$5,880,000
Section Sales - 475m²			25	$330,000	$8,250,000
Discounted Section Sales - 350m²			4	$200,000	$800,000
Discounted Section Sales - 475m²			5	$250,000	$1,250,000
Total Section Sales			**55**		**$16,180,000**
■ Less GST					$2,110,435
Net Realisation					**$14,069,565**
Less Costs of Sales					
■ Legal			55	$55,000	
■ Commissions			55	$485,400	$540,400
Net Realisation					**$13,529,165**
Less Profit & Risk on Outlay				25.00%	$2,705,833
Outlay					**$10,823,332**
Less Development Costs					
■ Direct development			55	$3,960,000	
■ Trunk connection costs				$0	
■ Interest				$388,964	
■ Promotion				$110,000	
■ Development contributions				$1,812,470	$6,271,434
Residual Land Value					**$4,551,899**
Deferred	2.25 yrs	@		5.75%	$4,013,856
Adopt – Exclusive of GST					**$4,014,000**

Stage	Total
Stage 1	$4,041,000
Stage 2	$4,664,000
Stage 3	$4,014,000
Total	**$12,719,000**

Greenfield - Hanley's Farm

Scenario J				**Inputs**
Average section area (m²)				350
Average section area (m²)				475
Average section value - 350m² (incl GST)				$280,000
Average section value - 475m² (incl GST)				$330,000
Number sections - 350m²				77
Number sections - 475m²				100
Staging (pre Council sections)	Stage 1	Stage 2	Stage 3	Total
Number sections - 350m²	27	25	25	77
Number sections - 475m²	35	35	30	100
Total (not considering discounted sections)	62	60	55	177
Council Affordable Housing Levy				20.0%
Staging (discounted sections)	Stage 1	Stage 2	Stage 3	
Number sections - 350m²	6	5	5	16
Number sections - 475m²	7	7	6	20
Total	13	12	11	36
Staging	Stage 1	Stage 2	Stage 3	Total
Number non-discounted sections - 350m²	21	20	20	61
Number non-discounted sections - 475m²	28	28	24	80
Total (non-discounted sections)	49	48	44	141
Discounted section value - 350m²				$200,000
Discounted section value - 475m²				$250,000
Legal per lot				$1,000
Sales commissions				3.00%
Profit and risk				25.00%
Direct development costs per lot (inc contingency)				$72,000
Trunk connection costs				$1,000,000
Promotion per lot				$2,000
Development contribution per additional lot				$32,954
Staging	Stage 1	Stage 2	Stage 3	Total
Development and realisation period (yrs)	1.58	1.33	1.25	3.5
Deferment (yrs)	0.00	1.25	2.25	
Interest Rate				5.75%

Description - Stage 1				Calculations
Section Sales - 350m²		21	$280,000	$5,880,000
Section Sales - 475m²		28	$330,000	$9,240,000
Discounted Section Sales - 350m²		6	$200,000	$1,200,000
Discounted Section Sales - 475m²		7	$250,000	$1,750,000
Total Section Sales		62		**$18,070,000**
■ Less GST				$2,356,957
Net Realisation				**$15,713,043**
Less Costs of Sales				
■ Legal		62	$62,000	
■ Commissions		62	$542,100	$604,100
Net Realisation				**$15,108,943**
Less Profit & Risk on Outlay			25.00%	$3,021,789
Outlay				**$12,087,155**
Less Development Costs				
■ Direct development		62	$4,464,000	
■ Trunk connection costs			$1,000,000	
■ Interest			$550,217	
■ Promotion			$124,000	
■ Development contributions			$2,010,194	$8,148,411
Residual Land Value				**$3,938,743**
Adopt – Exclusive of GST				**$3,939,000**

Description - Stage 2				Calculations
Section Sales - 350m²		20	$280,000	$5,600,000
Section Sales - 475m²		28	$330,000	$9,240,000
Discounted Section Sales - 350m²		5	$200,000	$1,000,000
Discounted Section Sales - 475m²		7	$250,000	$1,750,000
Total Section Sales		60		**$17,590,000**
■ Less GST				$2,294,348
Net Realisation				**$15,295,652**
Less Costs of Sales				
■ Legal		60	$60,000	
■ Commissions		60	$527,700	$587,700
Net Realisation				**$14,707,952**
Less Profit & Risk on Outlay			25.00%	$2,941,590
Outlay				**$11,766,362**
Less Development Costs				
■ Direct development		60	$4,320,000	
■ Trunk connection costs			$0	
■ Interest			$451,044	
■ Promotion			$120,000	
■ Development contributions			$1,977,240	$6,868,284
Residual Land Value				**$4,898,078**
Deferred	1.25 yrs	@	5.75%	$4,567,465
Adopt – Exclusive of GST				**$4,567,000**

Description - Stage 3				Calculations
Section Sales - 350m²		20	$280,000	$5,600,000
Section Sales - 475m²		24	$330,000	$7,920,000
Discounted Section Sales - 350m²		5	$200,000	$1,000,000
Discounted Section Sales - 475m²		6	$250,000	$1,500,000
Total Section Sales		55		**$16,020,000**
■ Less GST				$2,089,565
Net Realisation				**$13,930,435**
Less Costs of Sales				
■ Legal		55	$55,000	
■ Commissions		55	$480,600	$535,600
Net Realisation				**$13,394,835**
Less Profit & Risk on Outlay			25.00%	$2,678,967
Outlay				**$10,715,868**
Less Development Costs				
■ Direct development		55	$3,960,000	
■ Trunk connection costs			$0	
■ Interest			$385,102	
■ Promotion			$110,000	
■ Development contributions			$1,812,470	$6,267,572
Residual Land Value				**$4,448,296**
Deferred	2.25 yrs	@	5.75%	$3,922,499
Adopt – Exclusive of GST				**$3,922,000**

Stage	Total
Stage 1	$3,939,000
Stage 2	$4,567,000
Stage 3	$3,922,000
Total	**$12,428,000**

Greenfield - Hanley's Farm

Scenario K				Inputs
Average section area (m²)				350
Average section area (m²)				475
Average section value - 350m² (incl GST)				$280,000
Average section value - 475m² (incl GST)				$330,000
Number sections - 350m²				77
Number sections - 475m²				100
Staging	Stage 1	Stage 2	Stage 3	Total
Number sections - 350m²	27	25	25	77
Number sections - 475m²	35	35	30	100
Total	62	60	55	177
Council Affordable Housing Levy				0.0%
Legal per lot				$1,000
Sales commissions				3.00%
Profit and risk				25.00%
Direct development costs per lot (inc contingency)				$72,000
Trunk connection costs				$1,000,000
Promotion per lot				$2,000
Development contribution per additional lot				$32,954
Staging	Stage 1	Stage 2	Stage 3	Total
Development and realisation period (yrs)	1.58	1.33	1.25	3.5
Deferment (yrs)	0.00	1.25	2.25	
Interest Rate				5.75%

Description - Stage 1			Calculations
Section Sales - 350m²	27	$280,000	$7,560,000
Section Sales - 475m²	35	$330,000	$11,550,000
Total Section Sales	62		**$19,110,000**
■ Less GST			$2,492,609
Net Realisation			**$16,617,391**
Less Costs of Sales			
■ Legal	62	$62,000	
■ Commissions	62	$573,300	$635,300
Net Realisation			**$15,982,091**
Less Profit & Risk on Outlay		25.00%	$3,196,418
Outlay			**$12,785,673**
Less Development Costs			
■ Direct development	62	$4,464,000	
■ Trunk connection costs		$1,000,000	
■ Affordable homes levy		$0	
■ Interest		$582,014	
■ Promotion		$124,000	
■ Development contributions		$2,010,194	$8,180,208
Residual Land Value			**$4,605,465**
Adopt – Exclusive of GST			**$4,605,000**

Description - Stage 2				Calculations
Section Sales - 350m²		25	$280,000	$7,000,000
Section Sales - 475m²		35	$330,000	$11,550,000
Total Section Sales		60		**$18,550,000**
■ Less GST				$2,419,565
Net Realisation				**$16,130,435**
Less Costs of Sales				
■ Legal		60	$60,000	
■ Commissions		60	$556,500	$616,500
Net Realisation				**$15,513,935**
Less Profit & Risk on Outlay			25.00%	$3,102,787
Outlay				**$12,411,148**
Less Development Costs				
■ Direct development		60	$4,320,000	
■ Trunk connection costs			$0	
■ Affordable homes levy			$0	
■ Interest			$475,761	
■ Promotion			$120,000	
■ Development contributions			$1,977,240	$6,893,001
Residual Land Value				**$5,518,147**
Deferred	1.25 yrs	@	5.75%	$5,145,680
Adopt – Exclusive of GST				**$5,146,000**

Description - Stage 3				Calculations
Section Sales - 350m²		25	$280,000	$7,000,000
Section Sales - 475m²		30	$330,000	$9,900,000
Total Section Sales		55		**$16,900,000**
■ Less GST				$2,204,348
Net Realisation				**$14,695,652**
Less Costs of Sales				
■ Legal		55	$55,000	
■ Commissions		55	$507,000	$562,000
Net Realisation				**$14,133,652**
Less Profit & Risk on Outlay			25.00%	$2,826,730
Outlay				**$11,306,922**
Less Development Costs				
■ Direct development		55	$3,960,000	
■ Trunk connection costs			$0	
■ Affordable homes levy			$0	
■ Interest			$406,343	
■ Promotion			$110,000	
■ Development contributions			$1,812,470	$6,288,813
Residual Land Value				**$5,018,109**
Deferred	2.25 yrs	@	5.75%	$4,424,959
Adopt – Exclusive of GST				**$4,425,000**

Stage	Total
Stage 1	$4,605,000
Stage 2	$5,146,000
Stage 3	$4,425,000
Total	**$14,176,000**

Greenfield - Hanley's Farm

Scenario L				**Inputs**
Average section area (m^2)				350
Average section area (m^2)				475
Average section value - $350m^2$ (incl GST)				$280,000
Average section value - $475m^2$ (incl GST)				$330,000
Number sections - $350m^2$				77
Number sections - $475m^2$				100
Staging (pre Council sections)	Stage 1	Stage 2	Stage 3	Total
Number sections - $350m^2$	27	25	25	77
Number sections - $475m^2$	35	35	30	100
Total (not considering Council gifted sections)	62	60	55	177
Council Affordable Housing Levy				2.5%
Legal per lot				$1,000
Sales commissions				3.00%
Profit and risk				25.00%
Direct development costs per lot (inc contingency)				$72,000
Trunk connection costs				$1,000,000
Promotion per lot				$2,000
Development contribution per additional lot				$32,954
Staging	Stage 1	Stage 2	Stage 3	Total
Development and realisation period (yrs)	1.58	1.33	1.25	3.5
Deferment (yrs)	0.00	1.25	2.25	
Interest Rate				5.75%

Description - Stage 1			Calculations
Section Sales - 350m²	27	$280,000	$7,560,000
Section Sales - 475m²	35	$330,000	$11,550,000
Total Section Sales	62		**$19,110,000**
■ Less GST			$2,492,609
Net Realisation			**$16,617,391**
Less Costs of Sales			
■ Legal	62	$62,000	
■ Commissions	62	$573,300	$635,300
Net Realisation			**$15,982,091**
Less Profit & Risk on Outlay		25.00%	$3,196,418
Outlay			**$12,785,673**
Less Development Costs			
■ Direct development	62	$4,464,000	
■ Trunk connection costs		$1,000,000	
■ Affordable homes levy		$415,435	
■ Interest		$582,014	
■ Promotion		$124,000	
■ Development contributions		$2,010,194	$8,595,643
Residual Land Value			**$4,190,030**
Adopt – Exclusive of GST			**$4,190,000**

Description - Stage 2				Calculations
Section Sales - 350m²		25	$280,000	$7,000,000
Section Sales - 475m²		35	$330,000	$11,550,000
Total Section Sales		60		**$18,550,000**
■ Less GST				$2,419,565
Net Realisation				**$16,130,435**
Less Costs of Sales				
■ Legal		60	$60,000	
■ Commissions		60	$556,500	$616,500
Net Realisation				**$15,513,935**
Less Profit & Risk on Outlay			25.00%	$3,102,787
Outlay				**$12,411,148**
Less Development Costs				
■ Direct development		60	$4,320,000	
■ Trunk connection costs			$0	
■ Affordable homes levy			$403,261	
■ Interest			$475,761	
■ Promotion			$120,000	
■ Development contributions			$1,977,240	$7,296,262
Residual Land Value				**$5,114,886**
Deferred	1.25 yrs	@	5.75%	$4,769,639
Adopt – Exclusive of GST				**$4,770,000**

Description - Stage 3				Calculations
Section Sales - 350m²		25	$280,000	$7,000,000
Section Sales - 475m²		30	$330,000	$9,900,000
Total Section Sales		55		**$16,900,000**
■ Less GST				$2,204,348
Net Realisation				**$14,695,652**
Less Costs of Sales				
■ Legal		55	$55,000	
■ Commissions		55	$507,000	$562,000
Net Realisation				**$14,133,652**
Less Profit & Risk on Outlay			25.00%	$2,826,730
Outlay				**$11,306,922**
Less Development Costs				
■ Direct development		55	$3,960,000	
■ Trunk connection costs			$0	
■ Affordable homes levy			$367,391	
■ Interest			$406,343	
■ Promotion			$110,000	
■ Development contributions			$1,812,470	$6,656,204
Residual Land Value				**$4,650,718**
Deferred	2.25 yrs	@	5.75%	$4,100,994
Adopt – Exclusive of GST				**$4,101,000**

Stage	Total
Stage 1	$4,190,000
Stage 2	$4,770,000
Stage 3	$4,101,000
Total	**$13,061,000**

Greenfield - Hanley's Farm

Scenario M				**Inputs**
Average section area (m²)				350
Average section area (m²)				475
Average section value - 350m² (incl GST)				$280,000
Average section value - 475m² (incl GST)				$330,000
Number sections - 350m²				77
Number sections - 475m²				100
Staging (pre Council sections)	Stage 1	Stage 2	Stage 3	Total
Number sections - 350m²	27	25	25	77
Number sections - 475m²	35	35	30	100
Total (not considering Council gifted sections)	62	60	55	177
Council Affordable Housing Levy				5.0%
Legal per lot				$1,000
Sales commissions				3.00%
Profit and risk				25.00%
Direct development costs per lot (inc contingency)				$72,000
Trunk connection costs				$1,000,000
Promotion per lot				$2,000
Development contribution per additional lot				$32,954
Staging	Stage 1	Stage 2	Stage 3	Total
Development and realisation period (yrs)	1.58	1.33	1.25	3.5
Deferment (yrs)	0.00	1.25	2.25	
Interest Rate				5.75%

Description - Stage 1				Calculations
Section Sales - 350m²		27	$280,000	$7,560,000
Section Sales - 475m²		35	$330,000	$11,550,000
Total Section Sales		62		**$19,110,000**
■ Less GST				$2,492,609
Net Realisation				**$16,617,391**
Less Costs of Sales				
■ Legal		62	$62,000	
■ Commissions		62	$573,300	$635,300
Net Realisation				**$15,982,091**
Less Profit & Risk on Outlay			25.00%	$3,196,418
Outlay				**$12,785,673**
Less Development Costs				
■ Direct development		62	$4,464,000	
■ Trunk connection costs			$1,000,000	
■ Affordable homes levy			$830,870	
■ Interest			$582,014	
■ Promotion			$124,000	
■ Development contributions			$2,010,194	$9,011,078
Residual Land Value				**$3,774,595**
Adopt – Exclusive of GST				**$3,775,000**

Description - Stage 2				Calculations
Section Sales - 350m²		25	$280,000	$7,000,000
Section Sales - 475m²		35	$330,000	$11,550,000
Total Section Sales		60		**$18,550,000**
■ Less GST				$2,419,565
Net Realisation				**$16,130,435**
Less Costs of Sales				
■ Legal		60	$60,000	
■ Commissions		60	$556,500	$616,500
Net Realisation				**$15,513,935**
Less Profit & Risk on Outlay			25.00%	$3,102,787
Outlay				**$12,411,148**
Less Development Costs				
■ Direct development		60	$4,320,000	
■ Trunk connection costs			$0	
■ Affordable homes levy			$806,522	
■ Interest			$475,761	
■ Promotion			$120,000	
■ Development contributions			$1,977,240	$7,699,522
Residual Land Value				**$4,711,625**
Deferred	1.25 yrs	@	5.75%	$4,393,598
Adopt – Exclusive of GST				**$4,394,000**

Description - Stage 3				Calculations
Section Sales - 350m²		25	$280,000	$7,000,000
Section Sales - 475m²		30	$330,000	$9,900,000
Total Section Sales		55		**$16,900,000**
■ Less GST				$2,204,348
Net Realisation				**$14,695,652**
Less Costs of Sales				
■ Legal		55	$55,000	
■ Commissions		55	$507,000	$562,000
Net Realisation				**$14,133,652**
Less Profit & Risk on Outlay			25.00%	$2,826,730
Outlay				**$11,306,922**
Less Development Costs				
■ Direct development		55	$3,960,000	
■ Trunk connection costs			$0	
■ Affordable homes levy			$734,783	
■ Interest			$406,343	
■ Promotion			$110,000	
■ Development contributions			$1,812,470	$7,023,595
Residual Land Value				**$4,283,327**
Deferred	2.25 yrs	@	5.75%	$3,777,029
Adopt – Exclusive of GST				**$3,777,000**

Stage	Total
Stage 1	$3,775,000
Stage 2	$4,394,000
Stage 3	$3,777,000
Total	**$11,946,000**

Greenfield - Hanley's Farm

Scenario N				Inputs
Average section area (m^2)				350
Average section area (m^2)				475
Average section value - 350m^2 (incl GST)				$280,000
Average section value - 475m^2 (incl GST)				$330,000
Number sections - 350m^2				77
Number sections - 475m^2				100
Staging (pre Council sections)	Stage 1	Stage 2	Stage 3	Total
Number sections - 350m^2	27	25	25	77
Number sections - 475m^2	35	35	30	100
Total (not considering Council gifted sections)	62	60	55	177
Council Affordable Housing Levy				7.5%
Legal per lot				$1,000
Sales commissions				3.00%
Profit and risk				25.00%
Direct development costs per lot (inc contingency)				$72,000
Trunk connection costs				$1,000,000
Promotion per lot				$2,000
Development contribution per additional lot				$32,954
Staging	Stage 1	Stage 2	Stage 3	Total
Development and realisation period (yrs)	1.58	1.33	1.25	3.5
Deferment (yrs)	0.00	1.25	2.25	
Interest Rate				5.75%

Description - Stage 1				Calculations
Section Sales - 350m²		27	$280,000	$7,560,000
Section Sales - 475m²		35	$330,000	$11,550,000
Total Section Sales		62		**$19,110,000**
■ Less GST				$2,492,609
Net Realisation				**$16,617,391**
Less Costs of Sales				
■ Legal		62	$62,000	
■ Commissions		62	$573,300	$635,300
Net Realisation				**$15,982,091**
Less Profit & Risk on Outlay			25.00%	$3,196,418
Outlay				**$12,785,673**
Less Development Costs				
■ Direct development		62	$4,464,000	
■ Trunk connection costs			$1,000,000	
■ Affordable homes levy			$1,246,304	
■ Interest			$582,014	
■ Promotion			$124,000	
■ Development contributions			$2,010,194	$9,426,513
Residual Land Value				**$3,359,160**
Adopt – Exclusive of GST				**$3,359,000**

Description - Stage 2				Calculations
Section Sales - 350m²		25	$280,000	$7,000,000
Section Sales - 475m²		35	$330,000	$11,550,000
Total Section Sales		60		**$18,550,000**
■ Less GST				$2,419,565
Net Realisation				**$16,130,435**
Less Costs of Sales				
■ Legal		60	$60,000	
■ Commissions		60	$556,500	$616,500
Net Realisation				**$15,513,935**
Less Profit & Risk on Outlay			25.00%	$3,102,787
Outlay				**$12,411,148**
Less Development Costs				
■ Direct development		60	$4,320,000	
■ Trunk connection costs			$0	
■ Affordable homes levy			$1,209,783	
■ Interest			$475,761	
■ Promotion			$120,000	
■ Development contributions			$1,977,240	$8,102,783
Residual Land Value				**$4,308,365**
Deferred	1.25 yrs	@	5.75%	$4,017,556
Adopt – Exclusive of GST				**$4,018,000**

Description - Stage 3				Calculations
Section Sales - 350m²		25	$280,000	$7,000,000
Section Sales - 475m²		30	$330,000	$9,900,000
Total Section Sales		55		**$16,900,000**
■ Less GST				$2,204,348
Net Realisation				**$14,695,652**
Less Costs of Sales				
■ Legal		55	$55,000	
■ Commissions		55	$507,000	$562,000
Net Realisation				**$14,133,652**
Less Profit & Risk on Outlay			25.00%	$2,826,730
Outlay				**$11,306,922**
Less Development Costs				
■ Direct development		55	$3,960,000	
■ Trunk connection costs			$0	
■ Affordable homes levy			$1,102,174	
■ Interest			$406,343	
■ Promotion			$110,000	
■ Development contributions			$1,812,470	$7,390,986
Residual Land Value				**$3,915,935**
Deferred	2.25 yrs	@	5.75%	$3,453,064
Adopt – Exclusive of GST				**$3,453,000**

Stage	Total
Stage 1	$3,359,000
Stage 2	$4,018,000
Stage 3	$3,453,000
Total	**$10,830,000**

Greenfield - Hanley's Farm

Scenario O				Inputs
Average section area (m^2)				350
Average section area (m^2)				475
Average section value - 350m^2 (incl GST)				$280,000
Average section value - 475m^2 (incl GST)				$330,000
Number sections - 350m^2				77
Number sections - 475m^2				100
Staging (pre Council sections)	Stage 1	Stage 2	Stage 3	Total
Number sections - 350m^2	27	25	25	77
Number sections - 475m^2	35	35	30	100
Total (not considering Council gifted sections)	62	60	55	177
Council Affordable Housing Levy				10.0%
Legal per lot				$1,000
Sales commissions				3.00%
Profit and risk				25.00%
Direct development costs per lot (inc contingency)				$72,000
Trunk connection costs				$1,000,000
Promotion per lot				$2,000
Development contribution per additional lot				$32,954
Staging	Stage 1	Stage 2	Stage 3	Total
Development and realisation period (yrs)	1.58	1.33	1.25	3.5
Deferment (yrs)	0.00	1.25	2.25	
Interest Rate				5.75%

Description - Stage 1				Calculations
Section Sales - 350m²		27	$280,000	$7,560,000
Section Sales - 475m²		35	$330,000	$11,550,000
Total Section Sales		62		**$19,110,000**
■ Less GST				$2,492,609
Net Realisation				**$16,617,391**
Less Costs of Sales				
■ Legal		62	$62,000	
■ Commissions		62	$573,300	$635,300
Net Realisation				**$15,982,091**
Less Profit & Risk on Outlay			25.00%	$3,196,418
Outlay				**$12,785,673**
Less Development Costs				
■ Direct development		62	$4,464,000	
■ Trunk connection costs			$1,000,000	
■ Affordable homes levy			$1,661,739	
■ Interest			$582,014	
■ Promotion			$124,000	
■ Development contributions			$2,010,194	$9,841,948
Residual Land Value				**$2,943,725**
Adopt – Exclusive of GST				**$2,944,000**

Description - Stage 2				Calculations
Section Sales - 350m²		25	$280,000	$7,000,000
Section Sales - 475m²		35	$330,000	$11,550,000
Total Section Sales		60		**$18,550,000**
■ Less GST				$2,419,565
Net Realisation				**$16,130,435**
Less Costs of Sales				
■ Legal		60	$60,000	
■ Commissions		60	$556,500	$616,500
Net Realisation				**$15,513,935**
Less Profit & Risk on Outlay			25.00%	$3,102,787
Outlay				**$12,411,148**
Less Development Costs				
■ Direct development		60	$4,320,000	
■ Trunk connection costs			$0	
■ Affordable homes levy			$1,613,043	
■ Interest			$475,761	
■ Promotion			$120,000	
■ Development contributions			$1,977,240	$8,506,044
Residual Land Value				**$3,905,104**
Deferred	1.25 yrs	@	5.75%	$3,641,515
Adopt – Exclusive of GST				**$3,642,000**

Description - Stage 3				Calculations
Section Sales - 350m²		25	$280,000	$7,000,000
Section Sales - 475m²		30	$330,000	$9,900,000
Total Section Sales		55		**$16,900,000**
▪ Less GST				$2,204,348
Net Realisation				**$14,695,652**
Less Costs of Sales				
▪ Legal		55	$55,000	
▪ Commissions		55	$507,000	$562,000
Net Realisation				**$14,133,652**
Less Profit & Risk on Outlay			25.00%	$2,826,730
Outlay				**$11,306,922**
Less Development Costs				
▪ Direct development		55	$3,960,000	
▪ Trunk connection costs			$0	
▪ Affordable homes levy			$1,469,565	
▪ Interest			$406,343	
▪ Promotion			$110,000	
▪ Development contributions			$1,812,470	$7,758,378
Residual Land Value				**$3,548,544**
Deferred	2.25 yrs	@	5.75%	$3,129,099
Adopt – Exclusive of GST				**$3,129,000**

Stage	Total
Stage 1	$2,944,000
Stage 2	$3,642,000
Stage 3	$3,129,000
Total	**$9,715,000**

APPENDIX B

GREENFIELD - DISCOUNTED CASHFLOW METHOD WORKSHEET

Discounted Cashflow — Greenfield - Hanley's Farm — Scenario A — 3.50 Years Realisation

Assumptions and Inputs	Per Lot	Total
No. Construction Stages		Three
Average section area (m²)		350m²
Average section area (m²)		475m²
Number sections - 350m²		77
Number sections - 475m²		100
Average section value - 350m² (incl GST)	$280,000	$21,560,000
Average section value - 475m² (incl GST)	$330,000	$33,000,000
Total Gross Realisation (incl GST)		$54,560,000
Legal per lot	$1,000	$177,000
Sales commissions	3.00%	$1,636,800
Direct development costs per lot (inc contingency)	$72,000	$12,744,000
Trunk connection costs		$1,000,000
Promotion per lot	$2,000	$354,000
Development contribution per additional lot	$32,954	$5,799,904
Development and realisation period (yrs)		3.50 yrs

Valuation Date	1 June 2020
Date Prepared	1 June 2020
Land Area	11.5955 Hectares

Discount Rate Analysis			
Discount Rate	25.00%	**27.50%**	30.00%
Value (ex GST)	$15,032,496	**$14,338,846**	$13,690,378
Rate Per Hectare	$1,296,408	**$1,236,587**	$1,180,663

Period	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**	**20**
Month	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Jan**
Year	**2020**							**2021**						**2021**						**2022**
				Construction Period - Stage 1													**Construction Period - Stage 2**			
	Planning Period										**Release of Titles - Stage 1**									
Sites - 350m²											10	2	1	1	2	3	3	3	2	
Sites - 475m²											15	3	2	2	2	3	3	3	2	
Gross Section Income											$7,750,000	$1,550,000	$940,000	$940,000	$1,220,000	$1,830,000	$1,830,000	$1,830,000	$1,220,000	$0
Less GST											$1,010,870	$202,174	$122,609	$122,609	$159,130	$238,696	$238,696	$238,696	$159,130	$0
Net Income											**$6,739,130**	**$1,347,826**	**$817,391**	**$817,391**	**$1,060,870**	**$1,591,304**	**$1,591,304**	**$1,591,304**	**$1,060,870**	**$0**
Expenses																				
Sales commission											$232,500	$46,500	$28,200	$28,200	$36,600	$54,900	$54,900	$54,900	$36,600	$0
Legal											$25,000	$5,000	$3,000	$3,000	$4,000	$6,000	$6,000	$6,000	$4,000	$0
Direct development costs	$10,000	$12,500	$15,000	$632,357	$632,357	$632,357	$632,357	$632,357	$632,357	$632,357						$720,000	$720,000	$720,000	$720,000	$720,000
Trunk connection costs					$333,333	$333,333	$333,333													
Promotion per lot					$62,000						$62,000						$60,000			
Development Contribution Levy											$2,010,194									
Total Expenditure	**$10,000**	**$12,500**	**$15,000**	**$632,357**	**$1,027,690**	**$965,690**	**$965,690**	**$632,357**	**$632,357**	**$632,357**	**$2,329,694**	**$51,500**	**$31,200**	**$31,200**	**$40,600**	**$780,900**	**$840,900**	**$780,900**	**$760,600**	**$720,000**
Net Income Ex GST	**-$10,000**	**-$12,500**	**-$15,000**	**-$632,357**	**-$1,027,690**	**-$965,690**	**-$965,690**	**-$632,357**	**-$632,357**	**-$632,357**	**$4,409,436**	**$1,296,326**	**$786,191**	**$786,191**	**$1,020,270**	**$810,404**	**$750,404**	**$810,404**	**$300,270**	**-$720,000**

21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	TOTAL
Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	
					2022						2023						2023					
							Construction Period - Stage 3															
	Release of Titles - Stage 2												Release of Titles - Stage 3									
	10	3	2	1	1	1	2	2	2	1			10	2	2	1	1	2	3	2	2	77
	15	3	2	1	2	2	2	3	3	2			15	2	1	1	2	2	3	2	2	100
$0	$7,750,000	$1,830,000	$1,220,000	$610,000	$940,000	$940,000	$1,220,000	$1,550,000	$1,550,000	$940,000	$0	$0	$7,750,000	$1,220,000	$890,000	$610,000	$940,000	$1,220,000	$1,830,000	$1,220,000	$1,220,000	$54,560,000
$0	$1,010,870	$238,696	$159,130	$79,565	$122,609	$122,609	$159,130	$202,174	$202,174	$122,609	$0	$0	$1,010,870	$159,130	$116,087	$79,565	$122,609	$159,130	$238,696	$159,130	$159,130	$7,116,522
$0	**$6,739,130**	**$1,591,304**	**$1,060,870**	**$530,435**	**$817,391**	**$817,391**	**$1,060,870**	**$1,347,826**	**$1,347,826**	**$817,391**	**$0**	**$0**	**$6,739,130**	**$1,060,870**	**$773,913**	**$530,435**	**$817,391**	**$1,060,870**	**$1,591,304**	**$1,060,870**	**$1,060,870**	**$47,443,478**
$0	$232,500	$54,900	$36,600	$18,300	$28,200	$28,200	$36,600	$46,500	$46,500	$28,200	$0	$0	$232,500	$36,600	$26,700	$18,300	$28,200	$36,600	$54,900	$36,600	$36,600	$1,636,800
$0	$25,000	$6,000	$4,000	$2,000	$3,000	$3,000	$4,000	$5,000	$5,000	$3,000	$0	$0	$25,000	$4,000	$3,000	$2,000	$3,000	$4,000	$6,000	$4,000	$4,000	$177,000
$720,000							$660,000	$660,000	$660,000	$660,000	$660,000	$660,000										$12,744,000
																						$1,000,000
		$60,000						$55,000						$55,000								$354,000
	$1,977,240												$1,812,470									$5,799,904
$720,000	**$2,234,740**	**$120,900**	**$40,600**	**$20,300**	**$31,200**	**$31,200**	**$700,600**	**$766,500**	**$711,500**	**$691,200**	**$660,000**	**$660,000**	**$2,069,970**	**$95,600**	**$29,700**	**$20,300**	**$31,200**	**$40,600**	**$60,900**	**$40,600**	**$40,600**	**$21,711,704**
-$720,000	**$4,504,390**	**$1,470,404**	**$1,020,270**	**$510,135**	**$786,191**	**$786,191**	**$360,270**	**$581,326**	**$636,326**	**$126,191**	**-$660,000**	**-$660,000**	**$4,669,160**	**$965,270**	**$744,213**	**$510,135**	**$786,191**	**$1,020,270**	**$1,530,404**	**$1,020,270**	**$1,020,270**	**$25,731,774**

APPENDIX C

BROWNFIELD – FRYER STREET WORKSHEETS

Brownfield - Fryer Street

Scenario A			Inputs
Market Value	**Floor Area (m^2)**		**Value**
Unit 1	112		$800,000
Unit 2	112		$800,000
Unit 3	112		$800,000
Unit 4	112		$800,000
Unit 5	112		$800,000
Unit 6	112		$800,000
Unit 7	112		$800,000
Unit 8	112		$800,000
Unit 9	112		$800,000
Unit 10	112		$800,000
Unit 11	112		$800,000
Unit 12	112		$800,000
Total	1344		$9,600,000
Construction Cost			
Unit	Floor Area (m^2)	Rate/m^2	Cost
Unit 1	112	$3,000	$336,000
Unit 2	112	$3,000	$336,000
Unit 3	112	$3,000	$336,000
Unit 4	112	$3,000	$336,000
Unit 5	112	$3,000	$336,000
Unit 6	112	$3,000	$336,000
Unit 7	112	$3,000	$336,000
Unit 8	112	$3,000	$336,000
Unit 9	112	$3,000	$336,000
Unit 10	112	$3,000	$336,000
Unit 11	112	$3,000	$336,000
Unit 12	112	$3,000	$336,000
Total	1344		$4,032,000
Contingency	5%		$201,600
Net Cost			$4,233,600
Professional Fees	10%		$423,360
Net Cost			$4,656,960
Landscaping			$200,000
Total Cost			$4,856,960
Land Cost (including demolition)			$1,822,000
Legal per lot			$1,000
Sales commissions			2.50%
Promotion per lot			$2,000
Development contribution per additional lot			$13,108
Development and realisation period (yrs)			2
Interest Rate			5.75%

Description			Calculations
Unit Sales	12	$800,000	$9,600,000
Unit Sales (Discounted)	0	$500,000	$0
Total Unit Sales			**$9,600,000**
▪ Less GST			$1,252,174
Net Realisation			**$8,347,826**
Less Costs of Sales			
▪ Legal	12	$12,000	
▪ Commissions	12	$240,000	$252,000
Net Realisation			**$8,095,826**
Less Profit & Risk on Outlay		11.65%	$844,860
Outlay			**$7,250,967**
Less Development Costs			
▪ Construction cost		$4,856,960	
▪ Land cost		$1,822,000	
▪ Interest		$416,931	
▪ Promotion		$24,000	
▪ Development contributions		$131,076	$7,250,967
Residual Value			**$0**
Profit – Exclusive of GST		**11.65%**	**$844,860**

Brownfield - Fryer Street

Scenario B			Inputs
Market Value	**Floor Area (m²)**		**Value**
Unit 1	112		$800,000
Unit 2	112		$800,000
Unit 3	112		$800,000
Unit 4	112		$800,000
Unit 5	112		$800,000
Unit 6	112		$800,000
Unit 7	112		$800,000
Unit 8	112		$800,000
Unit 9	112		$800,000
Unit 10	112		$800,000
Unit 11	112		$800,000
Unit 12	112		**$500,000**
Total	1344		$9,300,000
Construction Cost			
Unit	Floor Area (m²)	Rate/m²	Cost
Unit 1	112	$3,000	$336,000
Unit 2	112	$3,000	$336,000
Unit 3	112	$3,000	$336,000
Unit 4	112	$3,000	$336,000
Unit 5	112	$3,000	$336,000
Unit 6	112	$3,000	$336,000
Unit 7	112	$3,000	$336,000
Unit 8	112	$3,000	$336,000
Unit 9	112	$3,000	$336,000
Unit 10	112	$3,000	$336,000
Unit 11	112	$3,000	$336,000
Unit 12	112	$3,000	$336,000
Total	1344		$4,032,000
Contingency	5%		$201,600
Net Cost			$4,233,600
Professional Fees	10%		$423,360
Net Cost			$4,656,960
Landscaping			$200,000
Total Cost			$4,856,960
Land Cost (including demolition)			$1,822,000
Legal per lot			$1,000
Sales commissions			2.50%
Promotion per lot			$2,000
Development contribution per additional lot			$13,108
Development and realisation period (yrs)			2
Interest Rate			5.75%

Description			Calculations
Unit Sales	11	$800,000	$8,800,000
Unit Sales (Discounted)	1	$500,000	$500,000
Total Unit Sales			**$9,300,000**
■ Less GST			$1,213,043
Net Realisation			**$8,086,957**
Less Costs of Sales			
■ Legal	12	$12,000	
■ Commissions	12	$232,500	$244,500
Net Realisation			**$7,842,457**
Less Profit & Risk on Outlay		8.16%	$591,490
Outlay			**$7,250,967**
Less Development Costs			
■ Construction cost		$4,856,960	
■ Land cost		$1,822,000	
■ Interest		$416,931	
■ Promotion		$24,000	
■ Development contributions		$131,076	$7,250,967
Residual Value			**$0**
Profit – Exclusive of GST		**8.16%**	**$591,490**

Brownfield - Fryer Street

Scenario C			Inputs
Market Value	**Floor Area (m²)**		**Value**
Unit 1	112		$800,000
Unit 2	112		$800,000
Unit 3	112		$800,000
Unit 4	112		$800,000
Unit 5	112		$800,000
Unit 6	112		$800,000
Unit 7	112		$800,000
Unit 8	112		$800,000
Unit 9	112		$800,000
Unit 10	112		$800,000
Unit 11	112		**$500,000**
Unit 12	112		**$500,000**
Total	1344		$9,000,000
Construction Cost			
Unit	Floor Area (m²)	Rate/m²	Cost
Unit 1	112	$3,000	$336,000
Unit 2	112	$3,000	$336,000
Unit 3	112	$3,000	$336,000
Unit 4	112	$3,000	$336,000
Unit 5	112	$3,000	$336,000
Unit 6	112	$3,000	$336,000
Unit 7	112	$3,000	$336,000
Unit 8	112	$3,000	$336,000
Unit 9	112	$3,000	$336,000
Unit 10	112	$3,000	$336,000
Unit 11	112	$3,000	$336,000
Unit 12	112	$3,000	$336,000
Total	1344		$4,032,000
Contingency	5%		$201,600
Net Cost			$4,233,600
Professional Fees	10%		$423,360
Net Cost			$4,656,960
Landscaping			$200,000
Total Cost			$4,856,960
Land Cost (including demolition)			$1,822,000
Legal per lot			$1,000
Sales commissions			2.50%
Promotion per lot			$2,000
Development contribution per additional lot			$13,108
Development and realisation period (yrs)			2
Interest Rate			5.75%

Description			Calculations
Unit Sales	10	$800,000	$8,000,000
Unit Sales (Discounted)	2	$500,000	$1,000,000
Total Unit Sales			**$9,000,000**
■ Less GST			$1,173,913
Net Realisation			**$7,826,087**
Less Costs of Sales			
■ Legal	12	$12,000	
■ Commissions	12	$225,000	$237,000
Net Realisation			**$7,589,087**
Less Profit & Risk on Outlay		4.66%	$338,120
Outlay			**$7,250,967**
Less Development Costs			
■ Construction cost		$4,856,960	
■ Land cost		$1,822,000	
■ Interest		$416,931	
■ Promotion		$24,000	
■ Development contributions		$131,076	$7,250,967
Residual Value			**$0**
Profit – Exclusive of GST		**4.66%**	**$338,120**

Brownfield - Fryer Street

Scenario D			Inputs
Market Value	**Floor Area (m²)**		**Value**
Unit 1	112		$800,000
Unit 2	112		$800,000
Unit 3	112		$800,000
Unit 4	112		$800,000
Unit 5	112		$800,000
Unit 6	112		$800,000
Unit 7	112		$800,000
Unit 8	112		$800,000
Unit 9	112		$800,000
Unit 10	112		**$500,000**
Unit 11	112		**$500,000**
Unit 12	112		**$500,000**
Total	1344		$8,700,000
Construction Cost			
Unit	Floor Area (m²)	Rate/m²	Cost
Unit 1	112	$3,000	$336,000
Unit 2	112	$3,000	$336,000
Unit 3	112	$3,000	$336,000
Unit 4	112	$3,000	$336,000
Unit 5	112	$3,000	$336,000
Unit 6	112	$3,000	$336,000
Unit 7	112	$3,000	$336,000
Unit 8	112	$3,000	$336,000
Unit 9	112	$3,000	$336,000
Unit 10	112	$3,000	$336,000
Unit 11	112	$3,000	$336,000
Unit 12	112	$3,000	$336,000
Total	1344		$4,032,000
Contingency	5%		$201,600
Net Cost			$4,233,600
Professional Fees	10%		$423,360
Net Cost			$4,656,960
Landscaping			$200,000
Total Cost			$4,856,960
Land Cost (including demolition)			$1,822,000
Legal per lot			$1,000
Sales commissions			2.50%
Promotion per lot			$2,000
Development contribution per additional lot			$13,108
Development and realisation period (yrs)			2
Interest Rate			5.75%

Description			Calculations
Unit Sales	9	$800,000	$7,200,000
Unit Sales (Discounted)	3	$500,000	$1,500,000
Total Unit Sales			**$8,700,000**
■ Less GST			$1,134,783
Net Realisation			**$7,565,217**
Less Costs of Sales			
■ Legal	12	$12,000	
■ Commissions	12	$217,500	$229,500
Net Realisation			**$7,335,717**
Less Profit & Risk on Outlay		1.17%	$84,751
Outlay			**$7,250,967**
Less Development Costs			
■ Construction cost		$4,856,960	
■ Land cost		$1,822,000	
■ Interest		$416,931	
■ Promotion		$24,000	
■ Development contributions		$131,076	$7,250,967
Residual Value			**$0**
Profit – Exclusive of GST		**1.17%**	**$84,751**

Brownfield - Fryer Street

Scenario E			Inputs
Market Value	**Floor Area (m²)**		**Value**
Unit 1	112		$800,000
Unit 2	112		$800,000
Unit 3	112		$800,000
Unit 4	112		$800,000
Unit 5	112		$800,000
Unit 6	112		$800,000
Unit 7	112		$800,000
Unit 8	112		$800,000
Unit 9	112		$800,000
Unit 10	112		$800,000
Unit 11	112		$800,000
Unit 12	112		$800,000
Total	1344		$9,600,000
Construction Cost			
Unit	Floor Area (m²)	Rate/m²	Cost
Unit 1	112	$3,000	$336,000
Unit 2	112	$3,000	$336,000
Unit 3	112	$3,000	$336,000
Unit 4	112	$3,000	$336,000
Unit 5	112	$3,000	$336,000
Unit 6	112	$3,000	$336,000
Unit 7	112	$3,000	$336,000
Unit 8	112	$3,000	$336,000
Unit 9	112	$3,000	$336,000
Unit 10	112	$3,000	$336,000
Unit 11	112	$3,000	$336,000
Unit 12	112	$3,000	$336,000
Total	1344		$4,032,000
Contingency	5%		$201,600
Net Cost			$4,233,600
Professional Fees	10%		$423,360
Net Cost			$4,656,960
Landscaping			$200,000
Total Cost			$4,856,960
Land Cost (including demolition)			$1,822,000
Legal per lot			$1,000
Sales commissions			2.50%
Promotion per lot			$2,000
Development contribution per additional lot			$13,108
Development and realisation period (yrs)			2
Interest Rate			5.75%

Description			Calculations
Unit Sales	12	$800,000	$9,600,000
Total Unit Sales			**$9,600,000**
■ Less GST			$1,252,174
Net Realisation			**$8,347,826**
Less Costs of Sales			
■ Legal	12	$12,000	
■ Commissions	12	$240,000	$252,000
Net Realisation			**$8,095,826**
Less Profit & Risk on Outlay		11.65%	$844,860
Outlay			**$7,250,967**
Less Development Costs			
■ Construction cost		$4,856,960	
■ Land cost		$1,822,000	
■ Interest		$416,931	
■ Promotion		$24,000	
■ Development contributions		$131,076	$7,250,967
Residual Value			**$0**
Profit – Exclusive of GST		**11.65%**	**$844,860**

Brownfield - Fryer Street

Scenario F			Inputs
Market Value	**Floor Area (m²)**		**Value**
Unit 1	112		$800,000
Unit 2	112		$800,000
Unit 3	112		$800,000
Unit 4	112		$800,000
Unit 5	112		$800,000
Unit 6	112		$800,000
Unit 7	112		$800,000
Unit 8	112		$800,000
Unit 9	112		$800,000
Unit 10	112		$800,000
Unit 11	112		$800,000
Unit 12	112		**$0**
Total	1344		$8,800,000
Construction Cost			
Unit	Floor Area (m²)	Rate/m²	Cost
Unit 1	112	$3,000	$336,000
Unit 2	112	$3,000	$336,000
Unit 3	112	$3,000	$336,000
Unit 4	112	$3,000	$336,000
Unit 5	112	$3,000	$336,000
Unit 6	112	$3,000	$336,000
Unit 7	112	$3,000	$336,000
Unit 8	112	$3,000	$336,000
Unit 9	112	$3,000	$336,000
Unit 10	112	$3,000	$336,000
Unit 11	112	$3,000	$336,000
Unit 12	112	$3,000	$336,000
Total	1344		$4,032,000
Contingency	5%		$201,600
Net Cost			$4,233,600
Professional Fees	10%		$423,360
Net Cost			$4,656,960
Landscaping			$200,000
Total Cost			$4,856,960
Land Cost (including demolition)			$1,822,000
Legal per lot			$1,000
Sales commissions			2.50%
Promotion per lot			$2,000
Development contribution per additional lot			$13,108
Development and realisation period (yrs)			2
Interest Rate			5.75%

Description			Calculations
Unit Sales	11	$800,000	$8,800,000
Total Unit Sales			**$8,800,000**
▪ Less GST			$1,147,826
Net Realisation			**$7,652,174**
Less Costs of Sales			
▪ Legal	11	$11,000	
▪ Commissions	11	$220,000	$231,000
Net Realisation			**$7,421,174**
Less Profit & Risk on Outlay		2.57%	$186,237
Outlay			**$7,234,937**
Less Development Costs			
▪ Construction cost		$4,856,960	
▪ Land cost		$1,822,000	
▪ Interest		$416,009	
▪ Promotion		$22,000	
▪ Development contributions		$117,968	$7,234,937
Residual Value			**$0**
Profit – Exclusive of GST		**2.57%**	**$186,237**

Brownfield - Fryer Street

Scenario G			Inputs
Market Value	**Floor Area (m²)**		**Value**
Unit 1	112		$800,000
Unit 2	112		$800,000
Unit 3	112		$800,000
Unit 4	112		$800,000
Unit 5	112		$800,000
Unit 6	112		$800,000
Unit 7	112		$800,000
Unit 8	112		$800,000
Unit 9	112		$800,000
Unit 10	112		$800,000
Unit 11	112		**$0**
Unit 12	112		**$0**
Total	1344		$8,000,000
Construction Cost			
Unit	Floor Area (m²)	Rate/m²	Cost
Unit 1	112	$3,000	$336,000
Unit 2	112	$3,000	$336,000
Unit 3	112	$3,000	$336,000
Unit 4	112	$3,000	$336,000
Unit 5	112	$3,000	$336,000
Unit 6	112	$3,000	$336,000
Unit 7	112	$3,000	$336,000
Unit 8	112	$3,000	$336,000
Unit 9	112	$3,000	$336,000
Unit 10	112	$3,000	$336,000
Unit 11	112	$3,000	$336,000
Unit 12	112	$3,000	$336,000
Total	1344		$4,032,000
Contingency	5%		$201,600
Net Cost			$4,233,600
Professional Fees	10%		$423,360
Net Cost			$4,656,960
Landscaping			$200,000
Total Cost			$4,856,960
Land Cost (including demolition)			$1,822,000
Legal per lot			$1,000
Sales commissions			2.50%
Promotion per lot			$2,000
Development contribution per additional lot			$13,108
Development and realisation period (yrs)			2
Interest Rate			5.75%

Description			Calculations
Unit Sales	10	$800,000	$8,000,000
Total Unit Sales			**$8,000,000**
■ Less GST			$1,043,478
Net Realisation			**$6,956,522**
Less Costs of Sales			
■ Legal	10	$10,000	
■ Commissions	10	$200,000	$210,000
Net Realisation			**$6,746,522**
Less Profit & Risk on Outlay		-6.54%	-$472,386
Outlay			**$7,218,908**
Less Development Costs			
■ Construction cost		$4,856,960	
■ Land cost		$1,822,000	
■ Interest		$415,087	
■ Promotion		$20,000	
■ Development contributions		$104,861	$7,218,908
Residual Value			**$0**
Profit – Exclusive of GST		**-6.54%**	**-$472,386**

Brownfield - Fryer Street

Scenario H			Inputs
Market Value	**Floor Area (m²)**		**Value**
Unit 1	112		$800,000
Unit 2	112		$800,000
Unit 3	112		$800,000
Unit 4	112		$800,000
Unit 5	112		$800,000
Unit 6	112		$800,000
Unit 7	112		$800,000
Unit 8	112		$800,000
Unit 9	112		$800,000
Unit 10	112		$800,000
Unit 11	112		$800,000
Unit 12	112		$800,000
Total	1344		$9,600,000
Construction Cost			
Unit	Floor Area (m²)	Rate/m²	Cost
Unit 1	112	$3,000	$336,000
Unit 2	112	$3,000	$336,000
Unit 3	112	$3,000	$336,000
Unit 4	112	$3,000	$336,000
Unit 5	112	$3,000	$336,000
Unit 6	112	$3,000	$336,000
Unit 7	112	$3,000	$336,000
Unit 8	112	$3,000	$336,000
Unit 9	112	$3,000	$336,000
Unit 10	112	$3,000	$336,000
Unit 11	112	$3,000	$336,000
Unit 12	112	$3,000	$336,000
Total	1344		$4,032,000
Contingency	5%		$201,600
Net Cost			$4,233,600
Professional Fees	10%		$423,360
Net Cost			$4,656,960
Landscaping			$200,000
Total Cost			$4,856,960
Land Cost (including demolition)			$1,822,000
Council Affordable Housing Levy - Percentage of Gross Realisation (excluding GST)			0.0%
Legal per lot			$1,000
Sales commissions			2.50%
Promotion per lot			$2,000
Development contribution per additional lot			$13,108
Development and realisation period (yrs)			2
Interest Rate			5.75%

Description			Calculations
Unit Sales	12	$800,000	$9,600,000
Total Unit Sales			**$9,600,000**
■ Less GST			$1,252,174
Net Realisation			**$8,347,826**
Less Costs of Sales			
■ Legal	12	$12,000	
■ Commissions	12	$240,000	$252,000
Net Realisation			**$8,095,826**
Less Profit & Risk on Outlay		11.65%	$844,860
Outlay			**$7,250,967**
Less Development Costs			
■ Construction cost		$4,856,960	
■ Land cost		$1,822,000	
■ Affordable homes levy		$0	
■ Interest		$416,931	
■ Promotion		$24,000	
■ Development contributions		$131,076	$7,250,967
Residual Value			**$0**
Profit – Exclusive of GST		**11.65%**	**$844,860**

Brownfield - Fryer Street

Scenario I			Inputs
Market Value	**Floor Area (m²)**		**Value**
Unit 1	112		$800,000
Unit 2	112		$800,000
Unit 3	112		$800,000
Unit 4	112		$800,000
Unit 5	112		$800,000
Unit 6	112		$800,000
Unit 7	112		$800,000
Unit 8	112		$800,000
Unit 9	112		$800,000
Unit 10	112		$800,000
Unit 11	112		$800,000
Unit 12	112		$800,000
Total	1344		$9,600,000
Construction Cost			
Unit	Floor Area (m²)	Rate/m²	Cost
Unit 1	112	$3,000	$336,000
Unit 2	112	$3,000	$336,000
Unit 3	112	$3,000	$336,000
Unit 4	112	$3,000	$336,000
Unit 5	112	$3,000	$336,000
Unit 6	112	$3,000	$336,000
Unit 7	112	$3,000	$336,000
Unit 8	112	$3,000	$336,000
Unit 9	112	$3,000	$336,000
Unit 10	112	$3,000	$336,000
Unit 11	112	$3,000	$336,000
Unit 12	112	$3,000	$336,000
Total	1344		$4,032,000
Contingency	5%		$201,600
Net Cost			$4,233,600
Professional Fees	10%		$423,360
Net Cost			$4,656,960
Landscaping			$200,000
Total Cost			$4,856,960
Land Cost (including demolition)			$1,822,000
Council Affordable Housing Levy - Percentage of Gross Realisation (excluding GST)			2.5%
Legal per lot			$1,000
Sales commissions			2.50%
Promotion per lot			$2,000
Development contribution per additional lot			$13,108
Development and realisation period (yrs)			2
Interest Rate			5.75%

Description			Calculations
Unit Sales	12	$800,000	$9,600,000
Total Unit Sales			**$9,600,000**
■ Less GST			$1,252,174
Net Realisation			**$8,347,826**
Less Costs of Sales			
■ Legal	12	$12,000	
■ Commissions	12	$240,000	$252,000
Net Realisation			**$8,095,826**
Less Profit & Risk on Outlay		8.34%	$623,432
Outlay			**$7,472,394**
Less Development Costs			
■ Construction cost		$4,856,960	
■ Land cost		$1,822,000	
■ Affordable homes levy		$208,696	
■ Interest		$429,663	
■ Promotion		$24,000	
■ Development contributions		$131,076	$7,472,394
Residual Value			**$0**
Profit – Exclusive of GST		**8.34%**	**$623,432**

Brownfield - Fryer Street

Scenario J			Inputs
Market Value	**Floor Area (m²)**		**Value**
Unit 1	112		$800,000
Unit 2	112		$800,000
Unit 3	112		$800,000
Unit 4	112		$800,000
Unit 5	112		$800,000
Unit 6	112		$800,000
Unit 7	112		$800,000
Unit 8	112		$800,000
Unit 9	112		$800,000
Unit 10	112		$800,000
Unit 11	112		$800,000
Unit 12	112		$800,000
Total	1344		$9,600,000
Construction Cost			
Unit	Floor Area (m²)	Rate/m²	Cost
Unit 1	112	$3,000	$336,000
Unit 2	112	$3,000	$336,000
Unit 3	112	$3,000	$336,000
Unit 4	112	$3,000	$336,000
Unit 5	112	$3,000	$336,000
Unit 6	112	$3,000	$336,000
Unit 7	112	$3,000	$336,000
Unit 8	112	$3,000	$336,000
Unit 9	112	$3,000	$336,000
Unit 10	112	$3,000	$336,000
Unit 11	112	$3,000	$336,000
Unit 12	112	$3,000	$336,000
Total	1344		$4,032,000
Contingency	5%		$201,600
Net Cost			$4,233,600
Professional Fees	10%		$423,360
Net Cost			$4,656,960
Landscaping			$200,000
Total Cost			$4,856,960
Land Cost (including demolition)			$1,822,000
Council Affordable Housing Levy - Percentage of Gross Realisation (excluding GST)			5.0%
Legal per lot			$1,000
Sales commissions			2.50%
Promotion per lot			$2,000
Development contribution per additional lot			$13,108
Development and realisation period (yrs)			2
Interest Rate			5.75%

Description			Calculations
Unit Sales	12	$800,000	$9,600,000
Total Unit Sales			**$9,600,000**
■ Less GST			$1,252,174
Net Realisation			**$8,347,826**
Less Costs of Sales			
■ Legal	12	$12,000	
■ Commissions	12	$240,000	$252,000
Net Realisation			**$8,095,826**
Less Profit & Risk on Outlay		5.23%	$402,004
Outlay			**$7,693,822**
Less Development Costs			
■ Construction cost		$4,856,960	
■ Land cost		$1,822,000	
■ Affordable homes levy		$417,391	
■ Interest		$442,395	
■ Promotion		$24,000	
■ Development contributions		$131,076	$7,693,822
Residual Value			**$0**
Profit – Exclusive of GST		**5.23%**	**$402,004**

Brownfield - Fryer Street

Scenario K			Inputs
Market Value	**Floor Area (m²)**		**Value**
Unit 1	112		$800,000
Unit 2	112		$800,000
Unit 3	112		$800,000
Unit 4	112		$800,000
Unit 5	112		$800,000
Unit 6	112		$800,000
Unit 7	112		$800,000
Unit 8	112		$800,000
Unit 9	112		$800,000
Unit 10	112		$800,000
Unit 11	112		$800,000
Unit 12	112		$800,000
Total	1344		$9,600,000
Construction Cost			
Unit	Floor Area (m²)	Rate/m²	Cost
Unit 1	112	$3,000	$336,000
Unit 2	112	$3,000	$336,000
Unit 3	112	$3,000	$336,000
Unit 4	112	$3,000	$336,000
Unit 5	112	$3,000	$336,000
Unit 6	112	$3,000	$336,000
Unit 7	112	$3,000	$336,000
Unit 8	112	$3,000	$336,000
Unit 9	112	$3,000	$336,000
Unit 10	112	$3,000	$336,000
Unit 11	112	$3,000	$336,000
Unit 12	112	$3,000	$336,000
Total	1344		$4,032,000
Contingency	5%		$201,600
Net Cost			$4,233,600
Professional Fees	10%		$423,360
Net Cost			$4,656,960
Landscaping			$200,000
Total Cost			$4,856,960
Land Cost (including demolition)			$1,822,000
Council Affordable Housing Levy - Percentage of Gross Realisation (excluding GST)			7.5%
Legal per lot			$1,000
Sales commissions			2.50%
Promotion per lot			$2,000
Development contribution per additional lot			$13,108
Development and realisation period (yrs)			2
Interest Rate			5.75%

Description			Calculations
Unit Sales	12	$800,000	$9,600,000
Total Unit Sales			**$9,600,000**
■ Less GST			$1,252,174
Net Realisation			**$8,347,826**
Less Costs of Sales			
■ Legal	12	$12,000	
■ Commissions	12	$240,000	$252,000
Net Realisation			**$8,095,826**
Less Profit & Risk on Outlay		2.28%	$180,576
Outlay			**$7,915,250**
Less Development Costs			
■ Construction cost		$4,856,960	
■ Land cost		$1,822,000	
■ Affordable homes levy		$626,087	
■ Interest		$455,127	
■ Promotion		$24,000	
■ Development contributions		$131,076	$7,915,250
Residual Value			**$0**
Profit – Exclusive of GST		**2.28%**	**$180,576**

Brownfield - Fryer Street

Scenario L			Inputs
Market Value	**Floor Area (m²)**		**Value**
Unit 1	112		$800,000
Unit 2	112		$800,000
Unit 3	112		$800,000
Unit 4	112		$800,000
Unit 5	112		$800,000
Unit 6	112		$800,000
Unit 7	112		$800,000
Unit 8	112		$800,000
Unit 9	112		$800,000
Unit 10	112		$800,000
Unit 11	112		$800,000
Unit 12	112		$800,000
Total	1344		$9,600,000
Construction Cost			
Unit	Floor Area (m²)	Rate/m²	Cost
Unit 1	112	$3,000	$336,000
Unit 2	112	$3,000	$336,000
Unit 3	112	$3,000	$336,000
Unit 4	112	$3,000	$336,000
Unit 5	112	$3,000	$336,000
Unit 6	112	$3,000	$336,000
Unit 7	112	$3,000	$336,000
Unit 8	112	$3,000	$336,000
Unit 9	112	$3,000	$336,000
Unit 10	112	$3,000	$336,000
Unit 11	112	$3,000	$336,000
Unit 12	112	$3,000	$336,000
Total	1344		$4,032,000
Contingency	5%		$201,600
Net Cost			$4,233,600
Professional Fees	10%		$423,360
Net Cost			$4,656,960
Landscaping			$200,000
Total Cost			$4,856,960
Land Cost (including demolition)			$1,822,000
Council Affordable Housing Levy - Percentage of Gross Realisation (excluding GST)			10.0%
Legal per lot			$1,000
Sales commissions			2.50%
Promotion per lot			$2,000
Development contribution per additional lot			$13,108
Development and realisation period (yrs)			2
Interest Rate			5.75%

Description			Calculations
Unit Sales	12	$800,000	$9,600,000
Total Unit Sales			**$9,600,000**
■ Less GST			$1,252,174
Net Realisation			**$8,347,826**
Less Costs of Sales			
■ Legal	12	$12,000	
■ Commissions	12	$240,000	$252,000
Net Realisation			**$8,095,826**
Less Profit & Risk on Outlay		-0.50%	-$40,851
Outlay			**$8,136,678**
Less Development Costs			
■ Construction cost		$4,856,960	
■ Land cost		$1,822,000	
■ Affordable homes levy		$834,783	
■ Interest		$467,859	
■ Promotion		$24,000	
■ Development contributions		$131,076	$8,136,678
Residual Value			**$0**
Profit – Exclusive of GST		**-0.50%**	**-$40,851**

APPENDIX D

BROWNFIELD – FRANKTON ROAD WORKSHEETS

Brownfield - Frankton Road

Scenario A			Inputs
Market Value	**Floor Area (m²)**		**Value**
Unit 1	112		$925,000
Unit 2	112		$925,000
Unit 3	112		$925,000
Unit 4	112		$925,000
Unit 5	112		$925,000
Unit 6	112		$925,000
Unit 7	112		$925,000
Unit 8	112		$925,000
Unit 9	112		$925,000
Unit 10	112		$925,000
Unit 11	112		$925,000
Unit 12	112		$925,000
Total	1344		$11,100,000
Construction Cost			
Unit	Floor Area (m²)	Rate/m²	Cost
Unit 1	112	$3,100	$347,200
Unit 2	112	$3,100	$347,200
Unit 3	112	$3,100	$347,200
Unit 4	112	$3,100	$347,200
Unit 5	112	$3,100	$347,200
Unit 6	112	$3,100	$347,200
Unit 7	112	$3,100	$347,200
Unit 8	112	$3,100	$347,200
Unit 9	112	$3,100	$347,200
Unit 10	112	$3,100	$347,200
Unit 11	112	$3,100	$347,200
Unit 12	112	$3,100	$347,200
Total	1344		$4,166,400
Contingency	5%		$208,320
Net Cost			$4,374,720
Professional Fees	10%		$437,472
Net Cost			$4,812,192
Landscaping			$250,000
Total Cost			$5,062,192
Land Cost (including demolition)			$2,664,000
Legal per lot			$1,000
Sales commissions			2.50%
Promotion per lot			$2,000
Development contribution per additional lot			$14,360
Development and realisation period (yrs)			2
Interest Rate			5.75%

Description			Calculations
Unit Sales	12	$925,000	$11,100,000
Unit Sales (Discounted)	0	$500,000	$0
Total Unit Sales			**$11,100,000**
▪ Less GST			$1,447,826
Net Realisation			**$9,652,174**
Less Costs of Sales			
▪ Legal	12	$12,000	
▪ Commissions	12	$277,500	$289,500
Net Realisation			**$9,362,674**
Less Profit & Risk on Outlay		11.99%	$1,002,534
Outlay			**$8,360,140**
Less Development Costs			
▪ Construction cost		$5,062,192	
▪ Land cost		$2,664,000	
▪ Interest		$480,708	
▪ Promotion		$24,000	
▪ Development contributions		$129,240	$8,360,140
Residual Value			**$0**
Profit – Exclusive of GST		**11.99%**	**$1,002,534**

Brownfield - Frankton Road

Scenario B			Inputs
Market Value	**Floor Area (m²)**		**Value**
Unit 1	112		$925,000
Unit 2	112		$925,000
Unit 3	112		$925,000
Unit 4	112		$925,000
Unit 5	112		$925,000
Unit 6	112		$925,000
Unit 7	112		$925,000
Unit 8	112		$925,000
Unit 9	112		$925,000
Unit 10	112		$925,000
Unit 11	112		$925,000
Unit 12	112		**$500,000**
Total	1344		$10,675,000
Construction Cost			
Unit	Floor Area (m²)	Rate/m²	Cost
Unit 1	112	$3,100	$347,200
Unit 2	112	$3,100	$347,200
Unit 3	112	$3,100	$347,200
Unit 4	112	$3,100	$347,200
Unit 5	112	$3,100	$347,200
Unit 6	112	$3,100	$347,200
Unit 7	112	$3,100	$347,200
Unit 8	112	$3,100	$347,200
Unit 9	112	$3,100	$347,200
Unit 10	112	$3,100	$347,200
Unit 11	112	$3,100	$347,200
Unit 12	112	$3,100	$347,200
Total	1344		$4,166,400
Contingency	5%		$208,320
Net Cost			$4,374,720
Professional Fees	10%		$437,472
Net Cost			$4,812,192
Landscaping			$250,000
Total Cost			$5,062,192
Land Cost (including demolition)			$2,664,000
Legal per lot			$1,000
Sales commissions			2.50%
Promotion per lot			$2,000
Development contribution per additional lot			$14,360
Development and realisation period (yrs)			2
Interest Rate			5.75%

Description			Calculations
Unit Sales	11	$925,000	$10,175,000
Unit Sales (Discounted)	1	$500,000	$500,000
Total Unit Sales			**$10,675,000**
■ Less GST			$1,392,391
Net Realisation			**$9,282,609**
Less Costs of Sales			
■ Legal	12	$12,000	
■ Commissions	12	$266,875	$278,875
Net Realisation			**$9,003,734**
Less Profit & Risk on Outlay		7.70%	$643,594
Outlay			**$8,360,140**
Less Development Costs			
■ Construction cost		$5,062,192	
■ Land cost		$2,664,000	
■ Interest		$480,708	
■ Promotion		$24,000	
■ Development contributions		$129,240	$8,360,140
Residual Value			**$0**
Profit – Exclusive of GST		**7.70%**	**$643,594**

Brownfield - Frankton Road

Scenario C			Inputs
Market Value	**Floor Area (m²)**		**Value**
Unit 1	112		$925,000
Unit 2	112		$925,000
Unit 3	112		$925,000
Unit 4	112		$925,000
Unit 5	112		$925,000
Unit 6	112		$925,000
Unit 7	112		$925,000
Unit 8	112		$925,000
Unit 9	112		$925,000
Unit 10	112		$925,000
Unit 11	112		**$500,000**
Unit 12	112		**$500,000**
Total	1344		$10,250,000
Construction Cost			
Unit	Floor Area (m²)	Rate/m²	Cost
Unit 1	112	$3,100	$347,200
Unit 2	112	$3,100	$347,200
Unit 3	112	$3,100	$347,200
Unit 4	112	$3,100	$347,200
Unit 5	112	$3,100	$347,200
Unit 6	112	$3,100	$347,200
Unit 7	112	$3,100	$347,200
Unit 8	112	$3,100	$347,200
Unit 9	112	$3,100	$347,200
Unit 10	112	$3,100	$347,200
Unit 11	112	$3,100	$347,200
Unit 12	112	$3,100	$347,200
Total	1344		$4,166,400
Contingency	5%		$208,320
Net Cost			$4,374,720
Professional Fees	10%		$437,472
Net Cost			$4,812,192
Landscaping			$250,000
Total Cost			$5,062,192
Land Cost (including demolition)			$2,664,000
Legal per lot			$1,000
Sales commissions			2.50%
Promotion per lot			$2,000
Development contribution per additional lot			$14,360
Development and realisation period (yrs)			2
Interest Rate			5.75%

Description			Calculations
Unit Sales	10	$925,000	$9,250,000
Unit Sales (Discounted)	2	$500,000	$1,000,000
Total Unit Sales			**$10,250,000**
▪ Less GST			$1,336,957
Net Realisation			**$8,913,043**
Less Costs of Sales			
▪ Legal	12	$12,000	
▪ Commissions	12	$256,250	$268,250
Net Realisation			**$8,644,793**
Less Profit & Risk on Outlay		3.40%	$284,653
Outlay			**$8,360,140**
Less Development Costs			
▪ Construction cost		$5,062,192	
▪ Land cost		$2,664,000	
▪ Interest		$480,708	
▪ Promotion		$24,000	
▪ Development contributions		$129,240	$8,360,140
Residual Value			**$0**
Profit – Exclusive of GST		**3.40%**	**$284,653**

Brownfield - Frankton Road

Scenario D			Inputs
Market Value	**Floor Area (m^2)**		**Value**
Unit 1	112		$925,000
Unit 2	112		$925,000
Unit 3	112		$925,000
Unit 4	112		$925,000
Unit 5	112		$925,000
Unit 6	112		$925,000
Unit 7	112		$925,000
Unit 8	112		$925,000
Unit 9	112		$925,000
Unit 10	112		**$500,000**
Unit 11	112		**$500,000**
Unit 12	112		**$500,000**
Total	1344		$9,825,000
Construction Cost			
Unit	Floor Area (m^2)	Rate/m^2	Cost
Unit 1	112	$3,100	$347,200
Unit 2	112	$3,100	$347,200
Unit 3	112	$3,100	$347,200
Unit 4	112	$3,100	$347,200
Unit 5	112	$3,100	$347,200
Unit 6	112	$3,100	$347,200
Unit 7	112	$3,100	$347,200
Unit 8	112	$3,100	$347,200
Unit 9	112	$3,100	$347,200
Unit 10	112	$3,100	$347,200
Unit 11	112	$3,100	$347,200
Unit 12	112	$3,100	$347,200
Total	1344		$4,166,400
Contingency	5%		$208,320
Net Cost			$4,374,720
Professional Fees	10%		$437,472
Net Cost			$4,812,192
Landscaping			$250,000
Total Cost			$5,062,192
Land Cost (including demolition)			$2,664,000
Legal per lot			$1,000
Sales commissions			2.50%
Promotion per lot			$2,000
Development contribution per additional lot			$14,360
Development and realisation period (yrs)			2
Interest Rate			5.75%

Description			Calculations
Unit Sales	9	$925,000	$8,325,000
Unit Sales (Discounted)	3	$500,000	$1,500,000
Total Unit Sales			**$9,825,000**
■ Less GST			$1,281,522
Net Realisation			**$8,543,478**
Less Costs of Sales			
■ Legal	12	$12,000	
■ Commissions	12	$245,625	$257,625
Net Realisation			**$8,285,853**
Less Profit & Risk on Outlay		-0.89%	-$74,287
Outlay			**$8,360,140**
Less Development Costs			
■ Construction cost		$5,062,192	
■ Land cost		$2,664,000	
■ Interest		$480,708	
■ Promotion		$24,000	
■ Development contributions		$129,240	$8,360,140
Residual Value			**$0**
Profit – Exclusive of GST		**-0.89%**	**-$74,287**

Brownfield - Frankton Road

Scenario E			Inputs
Market Value	**Floor Area (m²)**		**Value**
Unit 1	112		$925,000
Unit 2	112		$925,000
Unit 3	112		$925,000
Unit 4	112		$925,000
Unit 5	112		$925,000
Unit 6	112		$925,000
Unit 7	112		$925,000
Unit 8	112		$925,000
Unit 9	112		$925,000
Unit 10	112		$925,000
Unit 11	112		$925,000
Unit 12	112		$925,000
Total	1344		$11,100,000
Construction Cost			
Unit	Floor Area (m²)	Rate/m²	Cost
Unit 1	112	$3,100	$347,200
Unit 2	112	$3,100	$347,200
Unit 3	112	$3,100	$347,200
Unit 4	112	$3,100	$347,200
Unit 5	112	$3,100	$347,200
Unit 6	112	$3,100	$347,200
Unit 7	112	$3,100	$347,200
Unit 8	112	$3,100	$347,200
Unit 9	112	$3,100	$347,200
Unit 10	112	$3,100	$347,200
Unit 11	112	$3,100	$347,200
Unit 12	112	$3,100	$347,200
Total	1344		$4,166,400
Contingency	5%		$208,320
Net Cost			$4,374,720
Professional Fees	10%		$437,472
Net Cost			$4,812,192
Landscaping			$250,000
Total Cost			$5,062,192
Land Cost (including demolition)			$2,664,000
Legal per lot			$1,000
Sales commissions			2.50%
Promotion per lot			$2,000
Development contribution per additional lot			$14,360
Development and realisation period (yrs)			2
Interest Rate			5.75%

Description			Calculations
Unit Sales	12	$925,000	$11,100,000
Total Unit Sales			**$11,100,000**
▪ Less GST			$1,447,826
Net Realisation			**$9,652,174**
Less Costs of Sales			
▪ Legal	12	$12,000	
▪ Commissions	12	$277,500	$289,500
Net Realisation			**$9,362,674**
Less Profit & Risk on Outlay		11.99%	$1,002,534
Outlay			**$8,360,140**
Less Development Costs			
▪ Construction cost		$5,062,192	
▪ Land cost		$2,664,000	
▪ Interest		$480,708	
▪ Promotion		$24,000	
▪ Development contributions		$129,240	$8,360,140
Residual Value			**$0**
Profit – Exclusive of GST		**11.99%**	**$1,002,534**

Brownfield - Frankton Road

Scenario F			**Inputs**
Market Value	**Floor Area (m²)**		**Value**
Unit 1	112		$925,000
Unit 2	112		$925,000
Unit 3	112		$925,000
Unit 4	112		$925,000
Unit 5	112		$925,000
Unit 6	112		$925,000
Unit 7	112		$925,000
Unit 8	112		$925,000
Unit 9	112		$925,000
Unit 10	112		$925,000
Unit 11	112		$925,000
Unit 12	112		**$0**
Total	1344		$10,175,000
Construction Cost			
Unit	Floor Area (m²)	Rate/m²	Cost
Unit 1	112	$3,100	$347,200
Unit 2	112	$3,100	$347,200
Unit 3	112	$3,100	$347,200
Unit 4	112	$3,100	$347,200
Unit 5	112	$3,100	$347,200
Unit 6	112	$3,100	$347,200
Unit 7	112	$3,100	$347,200
Unit 8	112	$3,100	$347,200
Unit 9	112	$3,100	$347,200
Unit 10	112	$3,100	$347,200
Unit 11	112	$3,100	$347,200
Unit 12	112	$3,100	$347,200
Total	1344		$4,166,400
Contingency	5%		$208,320
Net Cost			$4,374,720
Professional Fees	10%		$437,472
Net Cost			$4,812,192
Landscaping			$250,000
Total Cost			$5,062,192
Land Cost (including demolition)			$2,664,000
Legal per lot			$1,000
Sales commissions			2.50%
Promotion per lot			$2,000
Development contribution per additional lot			$14,360
Development and realisation period (yrs)			2
Interest Rate			5.75%

Description			**Calculations**
Unit Sales	11	$925,000	$10,175,000
Total Unit Sales			**$10,175,000**
▪ Less GST			$1,327,174
Net Realisation			**$8,847,826**
Less Costs of Sales			
▪ Legal	11	$11,000	
▪ Commissions	11	$254,375	$265,375
Net Realisation			**$8,582,451**
Less Profit & Risk on Outlay		2.87%	$239,669
Outlay			**$8,342,782**
Less Development Costs			
▪ Construction cost		$5,062,192	
▪ Land cost		$2,664,000	
▪ Interest		$479,710	
▪ Promotion		$22,000	
▪ Development contributions		$114,880	$8,342,782
Residual Value			**$0**
Profit – Exclusive of GST		**2.87%**	**$239,669**

Brownfield - Frankton Road

Scenario G			Inputs
Market Value	**Floor Area (m²)**		**Value**
Unit 1	112		$925,000
Unit 2	112		$925,000
Unit 3	112		$925,000
Unit 4	112		$925,000
Unit 5	112		$925,000
Unit 6	112		$925,000
Unit 7	112		$925,000
Unit 8	112		$925,000
Unit 9	112		$925,000
Unit 10	112		$925,000
Unit 11	112		**$0**
Unit 12	112		**$0**
Total	1344		$9,250,000
Construction Cost			
Unit	Floor Area (m²)	Rate/m²	Cost
Unit 1	112	$3,100	$347,200
Unit 2	112	$3,100	$347,200
Unit 3	112	$3,100	$347,200
Unit 4	112	$3,100	$347,200
Unit 5	112	$3,100	$347,200
Unit 6	112	$3,100	$347,200
Unit 7	112	$3,100	$347,200
Unit 8	112	$3,100	$347,200
Unit 9	112	$3,100	$347,200
Unit 10	112	$3,100	$347,200
Unit 11	112	$3,100	$347,200
Unit 12	112	$3,100	$347,200
Total	1344		$4,166,400
Contingency	5%		$208,320
Net Cost			$4,374,720
Professional Fees	10%		$437,472
Net Cost			$4,812,192
Landscaping			$250,000
Total Cost			$5,062,192
Land Cost (including demolition)			$2,664,000
Legal per lot			$1,000
Sales commissions			2.50%
Promotion per lot			$2,000
Development contribution per additional lot			$14,360
Development and realisation period (yrs)			2
Interest Rate			5.75%

Description			Calculations
Unit Sales	10	$925,000	$9,250,000
Total Unit Sales			**$9,250,000**
▪ Less GST			$1,206,522
Net Realisation			**$8,043,478**
Less Costs of Sales			
▪ Legal	10	$10,000	
▪ Commissions	10	$231,250	$241,250
Net Realisation			**$7,802,228**
Less Profit & Risk on Outlay		-6.28%	-$523,196
Outlay			**$8,325,424**
Less Development Costs			
▪ Construction cost		$5,062,192	
▪ Land cost		$2,664,000	
▪ Interest		$478,712	
▪ Promotion		$20,000	
▪ Development contributions		$100,520	$8,325,424
Residual Value			**$0**
Profit – Exclusive of GST		**-6.28%**	**-$523,196**

Brownfield - Frankton Road

Scenario H			Inputs
Market Value	**Floor Area (m²)**		**Value**
Unit 1	112		$925,000
Unit 2	112		$925,000
Unit 3	112		$925,000
Unit 4	112		$925,000
Unit 5	112		$925,000
Unit 6	112		$925,000
Unit 7	112		$925,000
Unit 8	112		$925,000
Unit 9	112		$925,000
Unit 10	112		$925,000
Unit 11	112		$925,000
Unit 12	112		$925,000
Total	1344		$11,100,000
Construction Cost			
Unit	Floor Area (m²)	Rate/m²	Cost
Unit 1	112	$3,100	$347,200
Unit 2	112	$3,100	$347,200
Unit 3	112	$3,100	$347,200
Unit 4	112	$3,100	$347,200
Unit 5	112	$3,100	$347,200
Unit 6	112	$3,100	$347,200
Unit 7	112	$3,100	$347,200
Unit 8	112	$3,100	$347,200
Unit 9	112	$3,100	$347,200
Unit 10	112	$3,100	$347,200
Unit 11	112	$3,100	$347,200
Unit 12	112	$3,100	$347,200
Total	1344		$4,166,400
Contingency	5%		$208,320
Net Cost			$4,374,720
Professional Fees	10%		$437,472
Net Cost			$4,812,192
Landscaping			$250,000
Total Cost			$5,062,192
Land Cost (including demolition)			$2,664,000
Council Affordable Housing Levy - Percentage of Gross Realisation (excluding GST)			0.0%
Legal per lot			$1,000
Sales commissions			2.50%
Promotion per lot			$2,000
Development contribution per additional lot			$14,360
Development and realisation period (yrs)			2
Interest Rate			5.75%

Description			Calculations
Unit Sales	12	$925,000	$11,100,000
Total Unit Sales			**$11,100,000**
▪ Less GST			$1,447,826
Net Realisation			**$9,652,174**
Less Costs of Sales			
▪ Legal	12	$12,000	
▪ Commissions	12	$277,500	$289,500
Net Realisation			**$9,362,674**
Less Profit & Risk on Outlay		11.99%	$1,002,534
Outlay			**$8,360,140**
Less Development Costs			
▪ Construction cost		$5,062,192	
▪ Land cost		$2,664,000	
▪ Affordable homes levy		$0	
▪ Interest		$480,708	
▪ Promotion		$24,000	
▪ Development contributions		$129,240	$8,360,140
Residual Value			**$0**
Profit – Exclusive of GST		**11.99%**	**$1,002,534**

Brownfield - Frankton Road

Scenario I			Inputs
Market Value	**Floor Area (m²)**		**Value**
Unit 1	112		$925,000
Unit 2	112		$925,000
Unit 3	112		$925,000
Unit 4	112		$925,000
Unit 5	112		$925,000
Unit 6	112		$925,000
Unit 7	112		$925,000
Unit 8	112		$925,000
Unit 9	112		$925,000
Unit 10	112		$925,000
Unit 11	112		$925,000
Unit 12	112		$925,000
Total	1344		$11,100,000
Construction Cost			
Unit	Floor Area (m²)	Rate/m²	Cost
Unit 1	112	$3,100	$347,200
Unit 2	112	$3,100	$347,200
Unit 3	112	$3,100	$347,200
Unit 4	112	$3,100	$347,200
Unit 5	112	$3,100	$347,200
Unit 6	112	$3,100	$347,200
Unit 7	112	$3,100	$347,200
Unit 8	112	$3,100	$347,200
Unit 9	112	$3,100	$347,200
Unit 10	112	$3,100	$347,200
Unit 11	112	$3,100	$347,200
Unit 12	112	$3,100	$347,200
Total	1344		$4,166,400
Contingency	5%		$208,320
Net Cost			$4,374,720
Professional Fees	10%		$437,472
Net Cost			$4,812,192
Landscaping			$250,000
Total Cost			$5,062,192
Land Cost (including demolition)			$2,664,000
Council Affordable Housing Levy - Percentage of Gross Realisation (excluding GST)			2.5%
Legal per lot			$1,000
Sales commissions			2.50%
Promotion per lot			$2,000
Development contribution per additional lot			$14,360
Development and realisation period (yrs)			2
Interest Rate			5.75%

Description			Calculations
Unit Sales	12	$925,000	$11,100,000
Total Unit Sales			**$11,100,000**
▪ Less GST			$1,447,826
Net Realisation			**$9,652,174**
Less Costs of Sales			
▪ Legal	12	$12,000	
▪ Commissions	12	$277,500	$289,500
Net Realisation			**$9,362,674**
Less Profit & Risk on Outlay		8.66%	$746,508
Outlay			**$8,616,166**
Less Development Costs			
▪ Construction cost		$5,062,192	
▪ Land cost		$2,664,000	
▪ Affordable homes levy		$241,304	
▪ Interest		$495,430	
▪ Promotion		$24,000	
▪ Development contributions		$129,240	$8,616,166
Residual Value			**$0**
Profit – Exclusive of GST		**8.66%**	**$746,508**

Brownfield - Frankton Road

Scenario J			Inputs
Market Value	**Floor Area (m²)**		**Value**
Unit 1	112		$925,000
Unit 2	112		$925,000
Unit 3	112		$925,000
Unit 4	112		$925,000
Unit 5	112		$925,000
Unit 6	112		$925,000
Unit 7	112		$925,000
Unit 8	112		$925,000
Unit 9	112		$925,000
Unit 10	112		$925,000
Unit 11	112		$925,000
Unit 12	112		$925,000
Total	1344		$11,100,000
Construction Cost			
Unit	Floor Area (m²)	Rate/m²	Cost
Unit 1	112	$3,100	$347,200
Unit 2	112	$3,100	$347,200
Unit 3	112	$3,100	$347,200
Unit 4	112	$3,100	$347,200
Unit 5	112	$3,100	$347,200
Unit 6	112	$3,100	$347,200
Unit 7	112	$3,100	$347,200
Unit 8	112	$3,100	$347,200
Unit 9	112	$3,100	$347,200
Unit 10	112	$3,100	$347,200
Unit 11	112	$3,100	$347,200
Unit 12	112	$3,100	$347,200
Total	1344		$4,166,400
Contingency	5%		$208,320
Net Cost			$4,374,720
Professional Fees	10%		$437,472
Net Cost			$4,812,192
Landscaping			$250,000
Total Cost			$5,062,192
Land Cost (including demolition)			$2,664,000
Council Affordable Housing Levy - Percentage of Gross Realisation (excluding GST)			5.0%
Legal per lot			$1,000
Sales commissions			2.50%
Promotion per lot			$2,000
Development contribution per additional lot			$14,360
Development and realisation period (yrs)			2
Interest Rate			5.75%

Description			Calculations
Unit Sales	12	$925,000	$11,100,000
Total Unit Sales			**$11,100,000**
■ Less GST			$1,447,826
Net Realisation			**$9,652,174**
Less Costs of Sales			
■ Legal	12	$12,000	
■ Commissions	12	$277,500	$289,500
Net Realisation			**$9,362,674**
Less Profit & Risk on Outlay		5.53%	$490,482
Outlay			**$8,872,192**
Less Development Costs			
■ Construction cost		$5,062,192	
■ Land cost		$2,664,000	
■ Affordable homes levy		$482,609	
■ Interest		$510,151	
■ Promotion		$24,000	
■ Development contributions		$129,240	$8,872,192
Residual Value			**$0**
Profit – Exclusive of GST		**5.53%**	**$490,482**

Brownfield - Frankton Road

Scenario K			Inputs
Market Value	**Floor Area (m²)**		**Value**
Unit 1	112		$925,000
Unit 2	112		$925,000
Unit 3	112		$925,000
Unit 4	112		$925,000
Unit 5	112		$925,000
Unit 6	112		$925,000
Unit 7	112		$925,000
Unit 8	112		$925,000
Unit 9	112		$925,000
Unit 10	112		$925,000
Unit 11	112		$925,000
Unit 12	112		$925,000
Total	1344		$11,100,000
Construction Cost			
Unit	Floor Area (m²)	Rate/m²	Cost
Unit 1	112	$3,100	$347,200
Unit 2	112	$3,100	$347,200
Unit 3	112	$3,100	$347,200
Unit 4	112	$3,100	$347,200
Unit 5	112	$3,100	$347,200
Unit 6	112	$3,100	$347,200
Unit 7	112	$3,100	$347,200
Unit 8	112	$3,100	$347,200
Unit 9	112	$3,100	$347,200
Unit 10	112	$3,100	$347,200
Unit 11	112	$3,100	$347,200
Unit 12	112	$3,100	$347,200
Total	1344		$4,166,400
Contingency	5%		$208,320
Net Cost			$4,374,720
Professional Fees	10%		$437,472
Net Cost			$4,812,192
Landscaping			$250,000
Total Cost			$5,062,192
Land Cost (including demolition)			$2,664,000
Council Affordable Housing Levy - Percentage of Gross Realisation (excluding GST)			7.5%
Legal per lot			$1,000
Sales commissions			2.50%
Promotion per lot			$2,000
Development contribution per additional lot			$14,360
Development and realisation period (yrs)			2
Interest Rate			5.75%

Description			Calculations
Unit Sales	12	$925,000	$11,100,000
Total Unit Sales			**$11,100,000**
■ Less GST			$1,447,826
Net Realisation			**$9,652,174**
Less Costs of Sales			
■ Legal	12	$12,000	
■ Commissions	12	$277,500	$289,500
Net Realisation			**$9,362,674**
Less Profit & Risk on Outlay		2.57%	$234,456
Outlay			**$9,128,218**
Less Development Costs			
■ Construction cost		$5,062,192	
■ Land cost		$2,664,000	
■ Affordable homes levy		$723,913	
■ Interest		$524,873	
■ Promotion		$24,000	
■ Development contributions		$129,240	$9,128,218
Residual Value			**$0**
Profit – Exclusive of GST		**2.57%**	**$234,456**

Brownfield - Frankton Road

Scenario L			Inputs
Market Value	**Floor Area (m²)**		**Value**
Unit 1	112		$925,000
Unit 2	112		$925,000
Unit 3	112		$925,000
Unit 4	112		$925,000
Unit 5	112		$925,000
Unit 6	112		$925,000
Unit 7	112		$925,000
Unit 8	112		$925,000
Unit 9	112		$925,000
Unit 10	112		$925,000
Unit 11	112		$925,000
Unit 12	112		$925,000
Total	1344		$11,100,000
Construction Cost			
Unit	Floor Area (m²)	Rate/m²	Cost
Unit 1	112	$3,100	$347,200
Unit 2	112	$3,100	$347,200
Unit 3	112	$3,100	$347,200
Unit 4	112	$3,100	$347,200
Unit 5	112	$3,100	$347,200
Unit 6	112	$3,100	$347,200
Unit 7	112	$3,100	$347,200
Unit 8	112	$3,100	$347,200
Unit 9	112	$3,100	$347,200
Unit 10	112	$3,100	$347,200
Unit 11	112	$3,100	$347,200
Unit 12	112	$3,100	$347,200
Total	1344		$4,166,400
Contingency	5%		$208,320
Net Cost			$4,374,720
Professional Fees	10%		$437,472
Net Cost			$4,812,192
Landscaping			$250,000
Total Cost			$5,062,192
Land Cost (including demolition)			$2,664,000
Council Affordable Housing Levy - Percentage of Gross Realisation (excluding GST)			10.0%
Legal per lot			$1,000
Sales commissions			2.50%
Promotion per lot			$2,000
Development contribution per additional lot			$14,360
Development and realisation period (yrs)			2
Interest Rate			5.75%

Description			Calculations
Unit Sales	12	$925,000	$11,100,000
Total Unit Sales			**$11,100,000**
▪ Less GST			$1,447,826
Net Realisation			**$9,652,174**
Less Costs of Sales			
▪ Legal	12	$12,000	
▪ Commissions	12	$277,500	$289,500
Net Realisation			**$9,362,674**
Less Profit & Risk on Outlay		-0.23%	-$21,569
Outlay			**$9,384,243**
Less Development Costs			
▪ Construction cost		$5,062,192	
▪ Land cost		$2,664,000	
▪ Affordable homes levy		$965,217	
▪ Interest		$539,594	
▪ Promotion		$24,000	
▪ Development contributions		$129,240	$9,384,243
Residual Value			**$0**
Profit – Exclusive of GST		**-0.23%**	**-$21,569**

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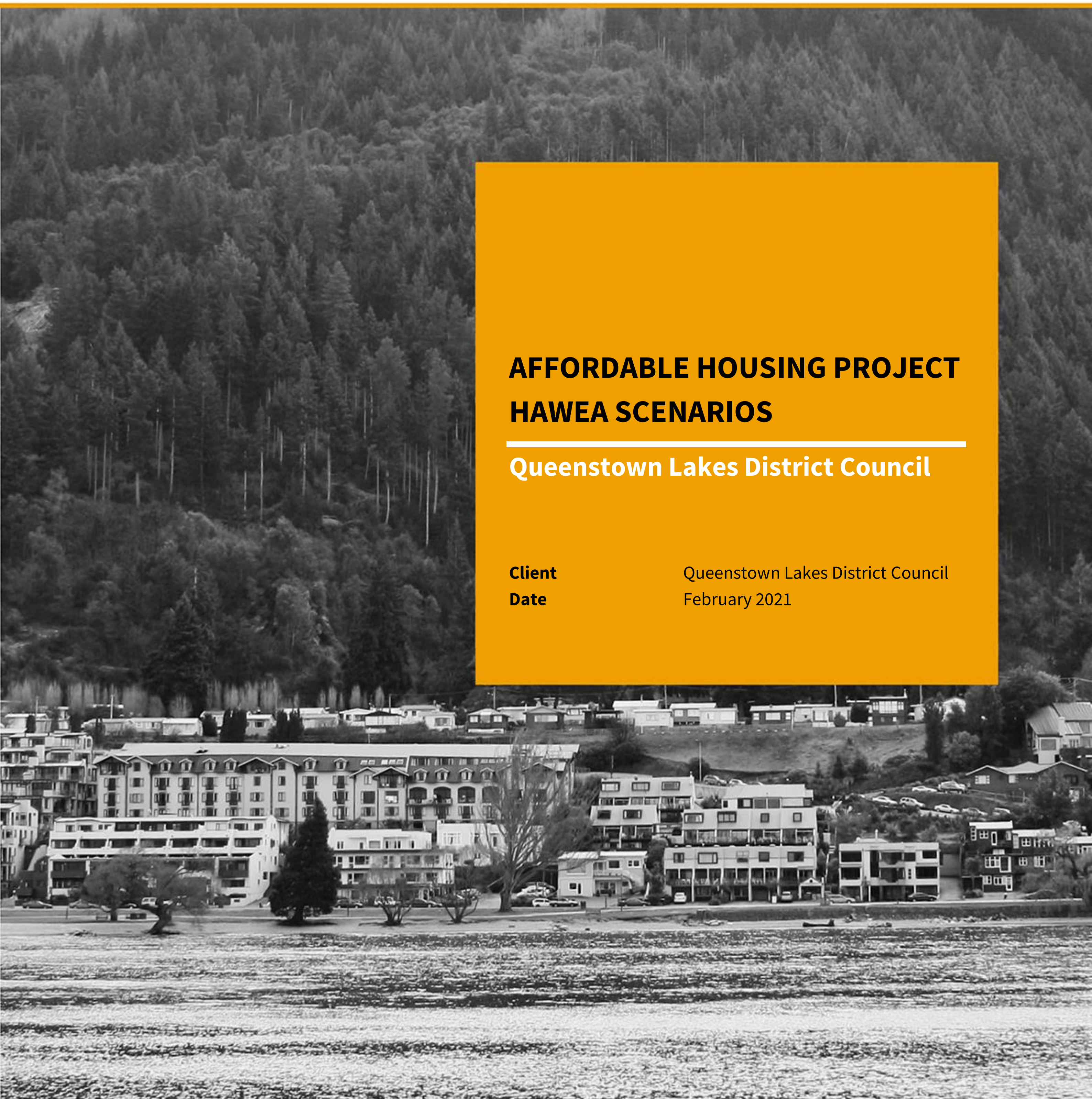


AFFORDABLE HOUSING PROJECT HAWEA SCENARIOS

Queenstown Lakes District Council

Client	Queenstown Lakes District Council
Date	February 2021

25 May 2021

Queenstown Lakes District Council
10 Gorge Road
Queenstown 9300

Attention: Ian Bayliss / Katie Russell

AFFORDABLE HOUSING PROJECT – HAWEA SCENARIOS
QUEENSTOWN LAKES DISTRICT COUNCIL

In accordance with your specific instructions and scope of work received 22 January 2021, we have completed our analysis and reporting into the impact of providing affordable housing when developing greenfield developments within the Hawea locality in the broader Queenstown Lakes District.

1 SCOPE OF WORK

1.1 THE VALUER

The valuation advice has been undertaken by Martin Winder (registered valuer and director of TelferYoung (Canterbury) Ltd) who provides this objective and unbiased advice. The valuer has no material connection with the instructing party and has the appropriate qualifications and experience to undertake the valuation advice.

1.2 OUR CLIENT

Queenstown Lakes District Council.

Other than the client or addressee, the report may not be relied upon by any third party. We accept no liability to third parties. Written consent is required for any third party wishing to rely on this report. We reserve the right to withhold that consent, or to review the contents of the report if consent for third party use is sought.

1.3 PURPOSE OF ADVICE

To assist Queenstown Lakes District Council with developing a policy for the provision of affordable housing in their region.

1.4 BACKGROUND

Queenstown Lakes District Council (QLDC) is considering provisions for the district plan that would require developments that meet set criteria to provide a contribution to affordable housing in the district. This is known as Inclusionary Zoning, is used throughout the world, particularly in high-value real estate markets. Questions of the impact of any requirement on the feasibility of development is an important aspect of setting in place an affordable housing policy.

TelferYoung has previously provided a report to Council (dated 1 July 2020) which provided scenario analysis based on both greenfield developments and brownfield developments in the Queenstown region. The greenfield development was based on a nominal site in Hanley's Farm that provided 177 sections. The development would provide vacant sections would be sold to the market rather than land and build packages.

The brownfield scenarios were based on the development of units on two sites that were already improved with existing residences in established residential localities. The model envisages purchasing the properties, demolishing existing buildings and constructing a complex of 12 units. Sites were identified in Fryer Street and Frankton Road. The Frankton Road site benefitted from superior lake views whereas the Fryer Road site had no real lake views but was within walking distance to central Queenstown.

The research demonstrated the impact on the developer of discounting a proportion of the units, gifting units and paving a levy to Council.

1.5 INSTRUCTIONS

We have been instructed to provide additional research into the greenfield model.

Of interest to Council, is the broadening of localities within the Queenstown Lakes District Council region and the scale of the development and the associated impact of potential affordable home policies.

We have been provided with information relating to a proposed development in Hawea another in Wanaka near Albert Town and a third in Wanaka close to Bremner Bay.

Council is interested in how the potential policies may impact on developments of 10 sites, 50 sites and 200 sites.

For consistency purposes, we have adopted identical affordable homes policies as applied to the Hanleys Farm greenfield scenario.

1.6 OVERVIEW

A greenfield development is one whereby land has been developed from a typical rural productive or lifestyle block use into a more intensive land use. Residential subdivisions are generally greenfield developments that occur on the current urban/rural interface.

We have been provided with details of a proposed 467 lot subdivision in Hawea. We have identified the proposal in Red on the plan below. The property is set back from the lake edge and does not benefit from lake views.

The contour of the land is level and would likely be relatively straightforward to develop. The scheme plan below identifies the 467 proposed lots.

The development provides an average site area of **438m²**. The density mix of the development is as follows:

Section Sizes	No. Sites	% of Development
250m² - 255m²	10	2.14%
300m² - 302m²	53	11.35%
399m² - 414m²	214	45.82%
421m² - 496m²	7	1.50%
500m² - 511m²	126	26.98%
518m² - 566m²	15	3.21%
600m² - 601m²	36	7.71%
610m² - 676m²	6	1.28%
Total	**467**	**100.00%**

This density mix is of a higher density than that which exists in Hawea at present. Subject to consent, this density mix is likely to become more common in the region as central and local authorities encourage higher density living, which is in general terms, better utilisation of land and has advantages when providing community infrastructure and public transport.

It is our view that Hawea is an ideal locality to run the affordable homes models due to the more modest value levels relative to Wanaka and Queenstown whilst retaining strong levels of demand in recent times. The area is likely to see substantial growth in the short to medium term.

Our scenarios incorporate:

- 10 section development
- 50 section development
- 200 section development

We have adopted the density analysed from the Hawea development and adopted a 'nominal' site nearby with the same attributes in terms of contour and outlook as the Hawea development.

The date of this assessment is February 2021.

We have opted for 3 types of affordable housing provision as follows:

- Gifting Council a percentage of the developed sections
- Discounting a portion of the developed sections
- Paying a levy to Council based on a percentage of the gross realisation (section sales)

1.7 HYPOTHETICAL SUBDIVISION METHOD

The hypothetical subdivision approach is a traditional method for the valuing of block subdivisional land. The methodology requires the assessment of the gross realisation from section sales from which costs of sales (real estate commissions and legal expenses) are deducted followed by a deduction of profit and risk to arrive at an outlay. From the outlay development costs (including development and reserve contributions, advertising costs, and interest are deducted) to derive a residual block value for the land, which is the sum a developer could afford to pay for the land for subdivision.

1.8 HAWEA NOMINAL SITE

We have adopted the average site area of **438m²** per site and the portion of sections and roads of the total land holding (excluding reserves) of the nearby Hawea proposed development. The Hawea development has 26.14% of the land in roading and right of ways and the balance 73.86% in sections. We have adopted this mix accordingly.

Scenario	Average site (m²)	Total Section Area (m²)	Road Area (m²)	Total Land Area (m²)
10 Section Model	438	4,380	1,550	5,930
50 Section Model	438	21,900	7,751	29,651
200 Section Model	438	87,600	31,003	118,603

1.9 INPUTS

1.9.1 Section Values

We have considered sections sales occurring within the Wanaka and Hawea localities in recent years. We detail REINZ statistics as they relate to vacant section sales in the localities as follows:

Year	Combined Wanaka & Hawea Regions	Hawea Region
2010	137	10
2011	117	9
2012	201	14
2013	297	13
2014	339	30
2015	644	44
2016	771	211
2017	568	87
2018	475	143
2019	225	23
2020	339	34
Total	**4,113**	**618**

It is clear that the Hawea market had modest levels of sales in the early 2010's and has more recently seen large volumes of section sales. The most recent years have been characterised by the supply of developments to the market and/or lack of developments to the market. As titles are issued, large numbers of sections are recorded and many of these are pre-sold prior to title issue.

The Wanaka region is more popular and desirable than the Hawea locality though both areas are popular and are experiencing high levels of growth relative to their size. Value levels tend to be higher in Wanaka than Hawea, though lake views in both centres command a premium. The Wanaka commercial precinct has a greater number of community amenities and retail offerings than Hawea.

We detail vacant section sales evidence from Hawea as follows (ordered smallest to largest):

Address	Date	Price	Area (m^2)
35 Timsfield Dr	4/12/2020	$315,000	800
5 Teal Pl	23/11/2020	$335,000	800
6 Teal Pl	14/12/2020	$335,000	800
33 Dingle St	6/08/2020	$292,000	801
8 Isthmus Pl	30/08/2020	$310,000	802
12 Brewster Crs	5/08/2020	$326,250	802
3 Teal Pl	10/11/2020	$320,000	803
21 Teal Pl	4/12/2020	$345,000	804
9 Edna Ln	5/11/2020	$350,000	804
3 Grandview Rd	12/08/2020	$312,000	812
14 Sarges Way	13/07/2020	$315,000	841
14 Sentinel Dr	10/08/2020	$315,000	843
5 Muscovy Ln	8/11/2020	$300,000	898
22 Rosella Ln	28/02/2020	$339,000	910
12 Woodpecker St	21/02/2020	$329,000	931

The prices include GST.

The sections range in scale from $800m^2$ upwards which is a factor of zoning and consent provisions in the area. As previously mentioned, the proposed Hawea development has a considerably higher density than the existing subdivisions.

We now detail vacant section sales from the Wanaka region which also includes areas close to Albert Town. These sections are also ordered by area (smallest to largest) and we have chosen sizes closer to those envisaged by our model (averaging $438m^2$).

Address	Date	Price	Area (m^2)
8 McNeil Crs	20/06/2020	$372,500	400
10 Dow Cl	26/10/2020	$380,000	400
15 Scurr Tce	16/09/2020	$395,000	400
Farrant Dr	25/01/2021	$390,000	412
8 Scurr Tce	17/02/2020	$389,000	430
10 Scurr Tce	11/09/2020	$390,000	430
27 The Heights Ave	11/06/2020	$433,000	430
233 Aubrey Rd	6/11/2020	$352,500	444

Address	Date	Price	Area (m^2)
229 Aubrey Rd	8/12/2020	$365,000	444
5 Landsborough Ln	21/12/2020	$405,000	447
15 Tuke Ln	11/09/2020	$340,000	449
17 Tuke Ln	7/09/2020	$340,000	449
7 Marjon Dr	8/06/2020	$310,000	450
13 Marjon Dr	8/06/2020	$310,000	450
15 Marjon Dr	13/08/2020	$365,000	450
17 Marjon Dr	31/08/2020	$370,000	450
5 Doug Ledgerwood Dr	9/09/2020	$402,000	450
9 Doug Ledgerwood Dr	23/10/2020	$415,000	450
36 Farrant Dr	20/10/2020	$435,000	453
5 Marjon Dr	8/06/2020	$310,000	455

Having considered all factors, we establish an appropriate value to apply to the 438m^2 average section at **$300,000**.

1.9.2 Realisation Period

To obtain the broadest possible (long term) view of the market, we have analysed the volume of residential section sales in the 'Wanaka and Hawea localities since 2010 (previously detailed) by adopting REINZ data. A total of 4,113 sections have sold at an average of 374 per year or 31 per month. We anticipate the nominal subject development will be able to achieve 8% of the market share and record approximately 30 sales per annum. We estimate the scenarios will take the following timeframes to plan, develop and sell down:

Scenario	Stage 1	Stage 2	Stage 3	Total Time Frame
10 Section Model	1 yr	N/A	N/A	1 yr
50 Section Model	2 yrs	N/A	N/A	2 yrs
200 Section Model	2.5 yrs	2.5 yrs	3 yrs	7 yrs

The 200 Section Model comprises 3 stages. The stages overlap by 6 months each to allow for construction of the following stage whilst still selling sections from the stage before. This ensures a steady flow of sections to the market.

1.9.3 Cost of Sales

- Commission — 3.00% on the GST inclusive sale price
- Legal Fees — $1,000 per site plus GST
- Marketing/Promotion — $2,000 per site plus GST

These allowances are market derived and consistent with the Wanaka/Hawea market at this time.

1.9.4 Profit and Risk

Within our hypothetical subdivision method we adopt a profit and risk rate. The rate is derived from sales of developable block land and reflects the profit the developer anticipated for undertaking the development. The scale of the project, market conditions, funding constraints, section values and development costs all impact on the profit and risk rate. Larger developments incur higher profit and risk rates due to the larger capital involved, the greater expertise required to undertake the development and the likelihood of crossing over a number of property cycles. Smaller scale developments conversely reveal lower profit and risk rates due to the greater number of market participants who can afford to participate in the market and the higher degree of certainty being able to develop and sell in the same market cycle.

Having considered sales of block land we establish our profit and risk rates as follows:

Scenario	Profit and Risk Rate
10 Section Model	15%
50 Section Model	20%
200 Section Model	25%

1.9.5 Direct Development Costs

Given the scale, section density and contour of the proposed nominal development, we have established our estimate of direct development costs (including consents, professional fees and contingency) as follows:

Scenario	Cost/site	Trunk Services Connection Costs	Total Cost /ha
10 Section Model	$80,000	$80,000	$1,483,980
50 Section Model	$70,000	$300,000	$1,281,576
200 Section Model	$65,000	$1,000,000	$1,180,409

We have estimated the cost per section and then estimated an additional one off trunk services connection cost which would be incurred at the beginning of the development only (stage 1 for the 200 section model).

1.9.6 Interest

We have adopted an interest rate of **5.00%**. We have calculated the interest on the outlay over half the realisation period. The interest rate adopted reflects an opportunity cost of capital, not an actual debt funding rate.

1.9.7 Development Contributions

We have estimated the amount of development contributions payable per additional lot created by applying the figures sourced from the Council's Development Contributions and Financial Contributions Policy adopted 1 December 2018 and the spreadsheet calculator. We have adopted a development contribution per additional lot created of **$24,069** plus GST. This amount applies to the 10, 50 and 200 section scenarios.

2 10 SECTION MODEL

2.1 GREENFIELD HAWEA – 10 SECTION MODEL GIFTING COUNCIL SECTIONS

2.1.1 Overview – Hypothetical Subdivision Method

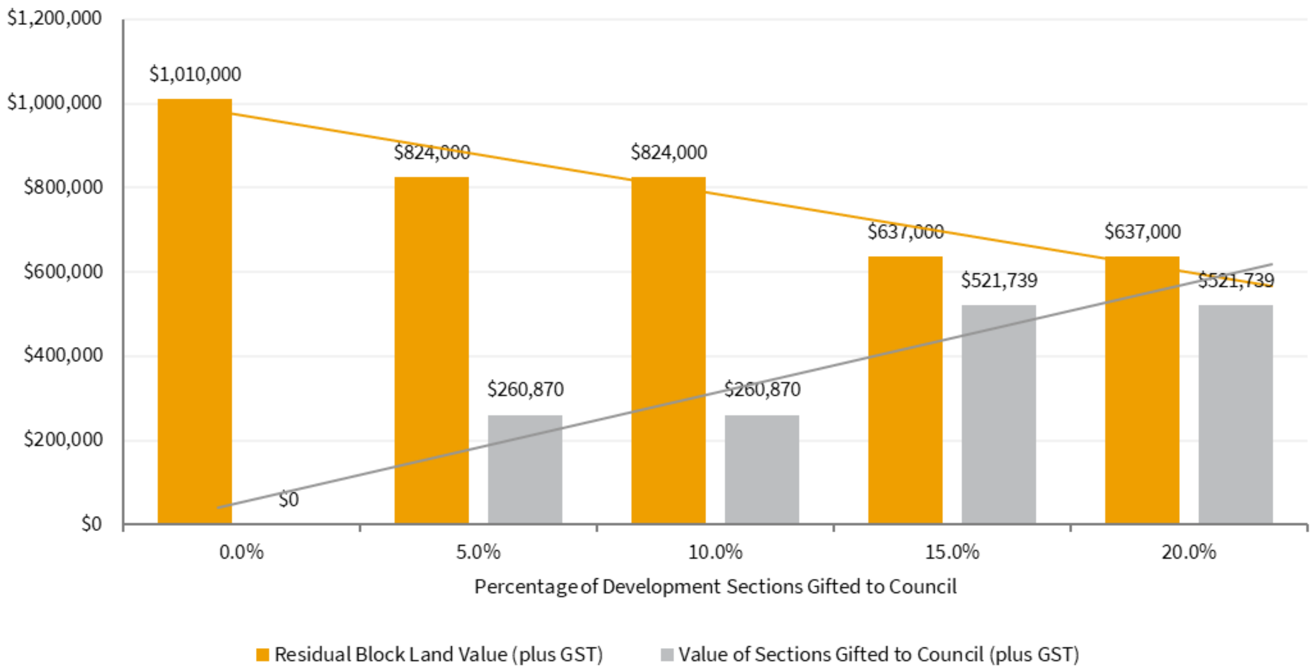
In these scenarios, we have based our analysis on the Council being gifted completed sections at no cost. Our model includes 5 scenarios ranging from 0% gifted to provide a base benchmark to 20% of the sections gifted. Our method involves gifting a percentage of the completed sites. Costs of sale expenses and development contributions have been excluded from the gifted sections. We have rounded up the number of sections gifted because it is not possible to gift part sections. Given the low number of sections created, the number of sections gifted (when rounded up) results in the same number gifted under the 5% and 10% scenarios and the 15% and 20% scenarios. This situation does not occur with the 50 and 200 Section scenarios.

Our full worksheets are provided in Appendix A

2.1.2 Summary

Description	% of Development Sections Gifted to Council	Residual Block Value	Rate/ha	Difference in Residual Value	% Change	Sections Created	Value of Sections Provided to Council (plus GST basis)	Sections Provided to Council	Total Costs	Total Profit
Scenario A	0.0%	$1,010,000	$1,703,204	$0	0.00%	10	$0	-	$1,271,158	$327,221
Scenario B	5.0%	$824,000	$1,389,545	$186,000	-18.42%	10	$260,870	1	$1,229,635	$294,499
Scenario C	10.0%	$824,000	$1,389,545	$186,000	-18.42%	10	$260,870	1	$1,229,635	$294,499
Scenario D	15.0%	$637,000	$1,074,199	$373,000	-36.93%	10	$521,739	2	$1,188,112	$261,777
Scenario E	20.0%	$637,000	$1,074,199	$373,000	-36.93%	10	$521,739	2	$1,188,112	$261,777

2.1.3 Summary Graph



2.2 GREENFIELD HAWEA – 10 SECTION MODEL DISCOUNTING A PORTION OF SECTIONS

2.2.1 Overview – Hypothetical Subdivision Method

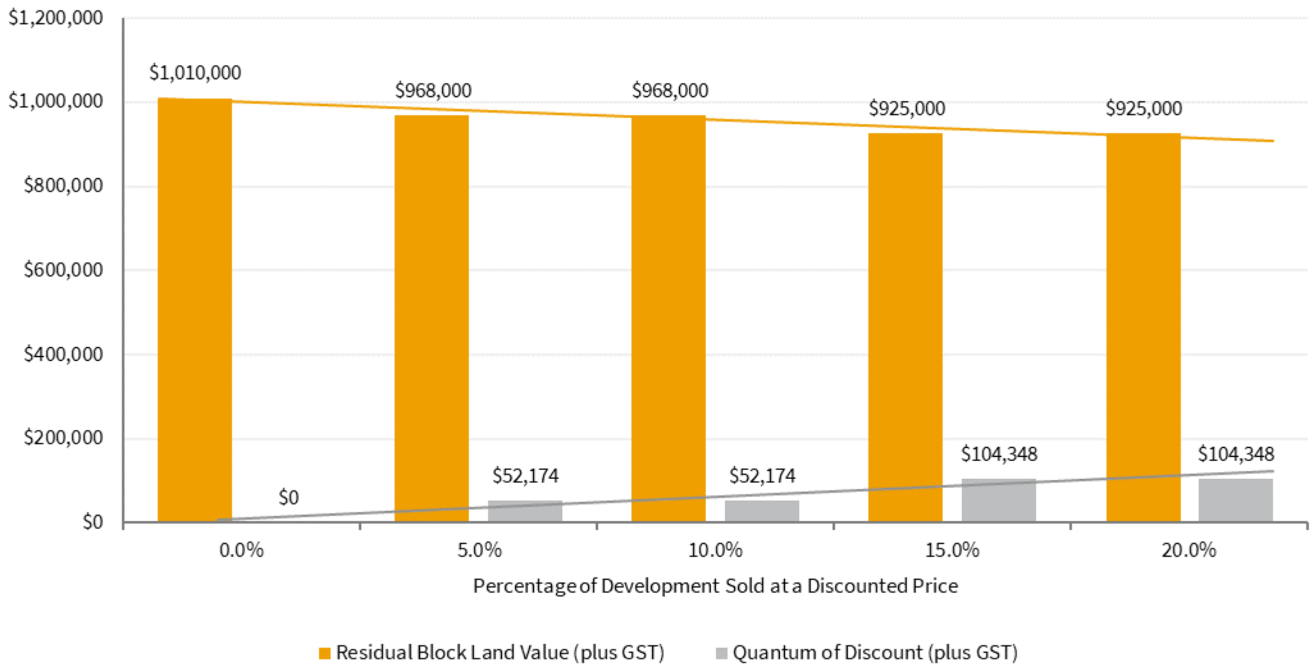
In these scenarios, we have based our analysis on the developer discounting a portion of the completed sections and selling to eligible purchasers. Our model includes 5 scenarios ranging from 0% discounted to provide a base benchmark to 20% of the sections discounted. Costs of sale expenses and development contributions for the discounted sections are included as usual. Our full worksheets are provided in Appendix A. We have discounted the sections as follows:

Description	Area (m²)	Usual Value	Discounted Value
Average Section Area	438	$300,000	$240,000

2.2.2 Summary

Description	Percentage of Development Sections Discounted	Residual Block Value	Rate/ha	Difference in Residual Value	% Change	Sections Created	Value of Discounting (plus GST basis)	Discounted Sections	Total Costs	Total Profit
Scenario F	0.0%	$1,010,000	$1,703,204	$0	0.00%	10	$0	-	$1,271,158	$327,221
Scenario G	5.0%	$968,000	$1,632,378	$42,000	-4.16%	10	$52,174	1	$1,268,263	$320,651
Scenario H	10.0%	$968,000	$1,632,378	$42,000	-4.16%	10	$52,174	1	$1,268,263	$320,651
Scenario I	15.0%	$925,000	$1,559,865	$85,000	-8.42%	10	$104,348	2	$1,265,368	$314,080
Scenario J	20.0%	$925,000	$1,559,865	$85,000	-8.42%	10	$104,348	2	$1,265,368	$314,080

2.2.3 Summary Graph



2.3 GREENFIELD HAWEA – 10 SECTION MODEL PAYING A LEVY TO COUNCIL

2.3.1 Overview – Hypothetical Subdivision Method

In these scenarios, we have based our analysis on the developer paying a levy directly to Council as titles are issued. The levy would be based on a percentage of the gross realisation value of completed sections. The Council can provide affordable housing with the proceeds of the levy as they please. Our model includes 5 scenarios ranging from 0% levy to provide a base benchmark to 10% levy of the gross realisation.

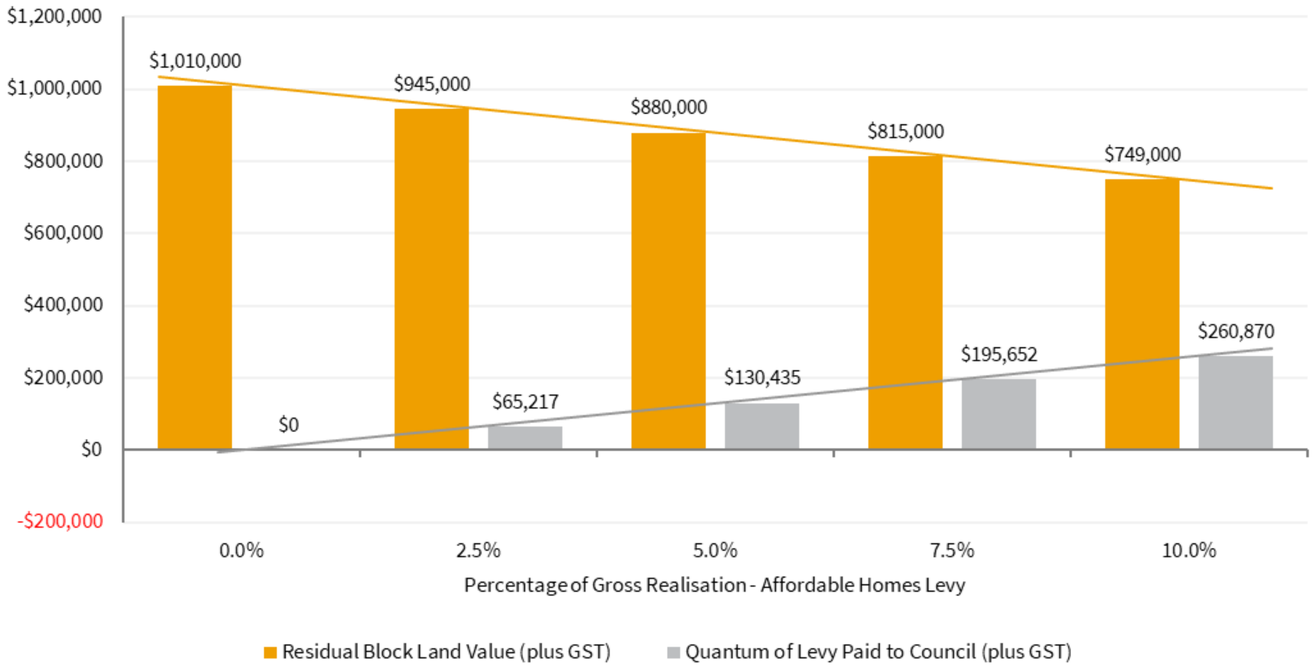
Our full worksheets are provided in Appendix A.

2.3.2 Summary

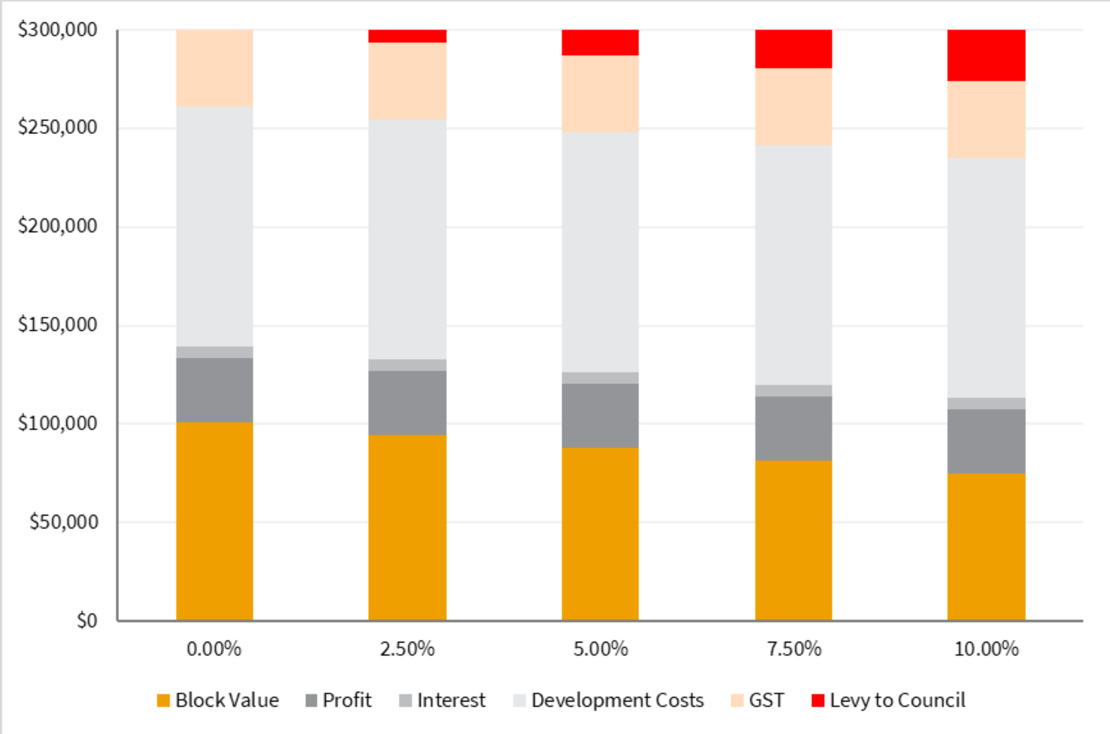
Description	Percentage of Gross Realisation - Affordable Homes Levy	Residual Block Value	Rate/ha	Difference in Residual Value	% Change	Sections Created	Total Levy (plus GST basis)	Total Costs	Total Profit
Scenario K	0.0%	$1,010,000	$1,703,204	$0	0.00%	10	$0	$1,271,158	$327,221
Scenario L	2.5%	$945,000	$1,593,592	$65,000	-6.44%	10	$65,217	$1,336,375	$327,221
Scenario M	5.0%	$880,000	$1,483,980	$130,000	-12.87%	10	$130,435	$1,401,593	$327,221
Scenario N	7.5%	$815,000	$1,374,368	$195,000	-19.31%	10	$195,652	$1,466,810	$327,221
Scenario O	10.0%	$749,000	$1,263,069	$261,000	-25.84%	10	$260,870	$1,532,027	$327,221

Please note the total profit remains fixed at $327,221 even as the levy increases. This is due to the gross realisation (total section sales) also remains fixed at $3,000,000 regardless of the quantum of levy and the developers desire to make 15% profit. The levy impacts directly on the residual block value which is the amount a developer could afford to pay for the raw block prior to developing.

2.3.3 Summary Graph



2.3.4 Section Value Breakdown Graph



This graph indicates a standard $300,000 section. The sales price is apportioned between the various components that make up the value of the section. The levy to council is displayed in Red and can be seen getting larger as the levy is increased. This graph enables the reader to visually see the impact on the block value as the levy increases.

We detail the section apportionment figures below:

Description	0.00%	2.50%	5.00%	7.50%	10.00%
Levy to Council	$0	$6,522	$13,043	$19,565	$26,087
GST	$39,130	$39,130	$39,130	$39,130	$39,130
Development Costs	$121,662	$121,662	$121,662	$121,662	$121,662
Interest	$5,454	$5,454	$5,454	$5,454	$5,454
Profit	$32,722	$32,722	$32,722	$32,722	$32,722
Block Value	$101,032	$94,510	$87,988	$81,466	$74,945
Total	**$300,000**	**$300,000**	**$300,000**	**$300,000**	**$300,000**

3 50 SECTION MODEL

3.1 GREENFIELD HAWEA – 50 SECTION MODEL GIFTING COUNCIL SECTIONS

3.1.1 Overview – Hypothetical Subdivision Method

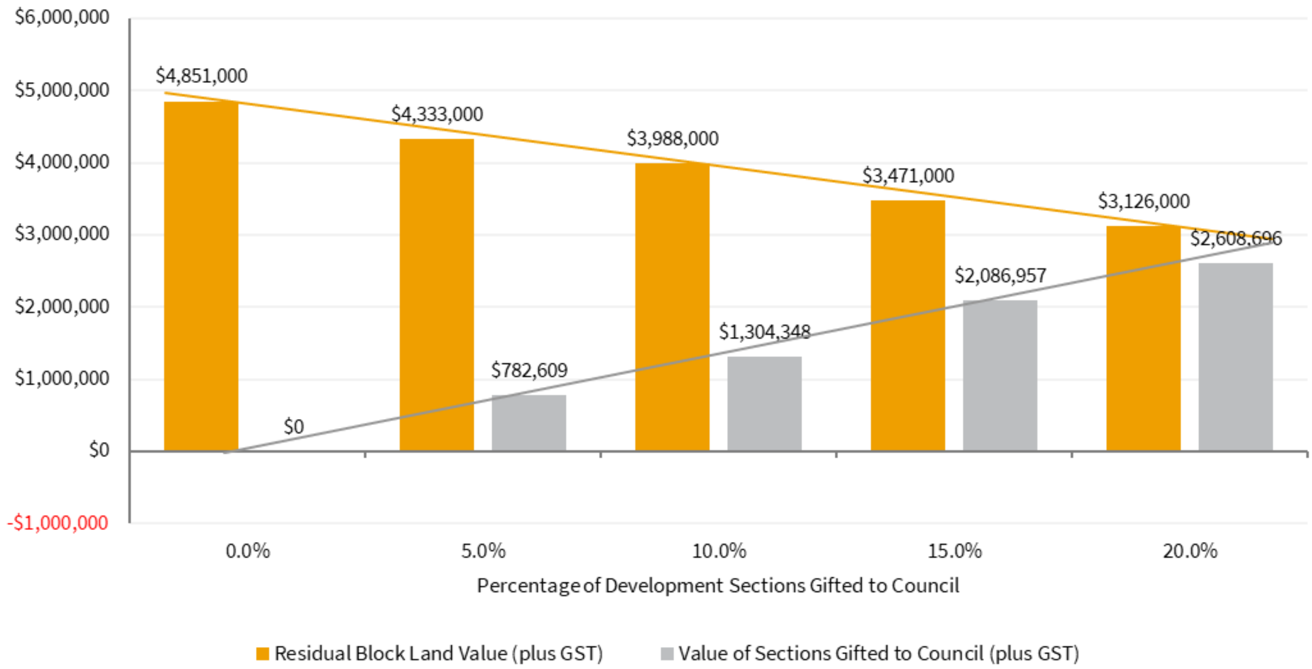
In these scenarios, we have based our analysis on the Council being gifted completed sections at no cost. Our model includes 5 scenarios ranging from 0% gifted to provide a base benchmark to 20% of the sections gifted. Our method involves gifting a percentage of the completed sites. Costs of sale expenses and development contributions have been excluded from the gifted sections. We have rounded up the number of sections gifted because it is not possible to gift part sections.

Our full worksheets are provided in Appendix B

3.1.2 Summary

Description	% of Development Sections Gifted to Council	Residual Block Value	Rate/ha	Difference in Residual Value	% Change	Sections Created	Value of Sections Provided to Council (plus GST basis)	Sections Provided to Council	Total Costs	Total Profit
Scenario A	0.0%	$4,851,000	$1,636,033	$0	0.00%	50	$0	-	$6,102,026	$2,090,580
Scenario B	5.0%	$4,333,000	$1,461,334	$518,000	-10.68%	50	$782,609	3	$5,962,460	$1,965,145
Scenario C	10.0%	$3,988,000	$1,344,980	$863,000	-17.79%	50	$1,304,348	5	$5,869,416	$1,881,522
Scenario D	15.0%	$3,471,000	$1,170,618	$1,380,000	-28.45%	50	$2,086,957	8	$5,729,851	$1,756,087
Scenario E	20.0%	$3,126,000	$1,054,265	$1,725,000	-35.56%	50	$2,608,696	10	$5,636,807	$1,672,464

3.1.3 Summary Graph



3.2 GREENFIELD HAWEA – 50 SECTION MODEL DISCOUNTING A PORTION OF SECTIONS

3.2.1 Overview – Hypothetical Subdivision Method

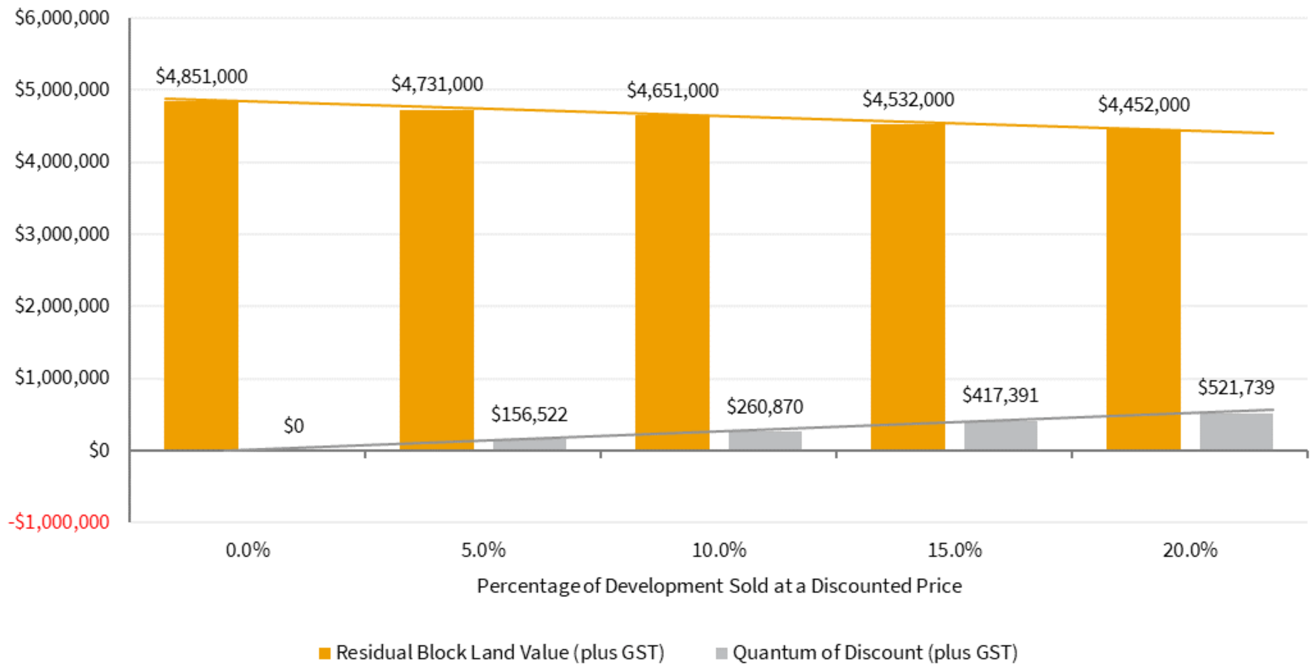
In these scenarios, we have based our analysis on the developer discounting a portion of the completed sections and selling to eligible purchasers. Our model includes 5 scenarios ranging from 0% discounted to provide a base benchmark to 20% of the sections discounted. Costs of sale expenses and development contributions for the discounted sections are included as usual. Our full worksheets are provided in Appendix B. We have discounted the sections as follows:

Description	Area (m²)	Usual Value	Discounted Value
Average Section Area	438	$300,000	$240,000

3.2.2 Summary

Description	Percentage of Development Sections Discounted	Residual Block Value	Rate/ha	Difference in Residual Value	% Change	Sections Created	Value of Discounting (plus GST basis)	Discounted Sections	Total Costs	Total Profit
Scenario F	0.0%	$4,851,000	$1,636,033	$0	0.00%	50	$0	-	$6,102,026	$2,090,580
Scenario G	5.0%	$4,731,000	$1,595,562	$120,000	-2.47%	50	$156,522	3	$6,090,329	$2,065,393
Scenario H	10.0%	$4,651,000	$1,568,581	$200,000	-4.12%	50	$260,870	5	$6,082,531	$2,048,601
Scenario I	15.0%	$4,532,000	$1,528,448	$319,000	-6.58%	50	$417,391	8	$6,070,835	$2,023,414
Scenario J	20.0%	$4,452,000	$1,501,467	$399,000	-8.23%	50	$521,739	10	$6,063,037	$2,006,623

3.2.3 Summary Graph



3.3 GREENFIELD HAWEA – 50 SECTION MODEL PAYING A LEVY TO COUNCIL

3.3.1 Overview – Hypothetical Subdivision Method

In these scenarios, we have based our analysis on the developer paying a levy directly to Council as titles are issued. The levy would be based on a percentage of the gross realisation value of completed sections. The Council can provide affordable housing with the proceeds of the levy as they please. Our model includes 5 scenarios ranging from 0% levy to provide a base benchmark to 10% levy of the gross realisation.

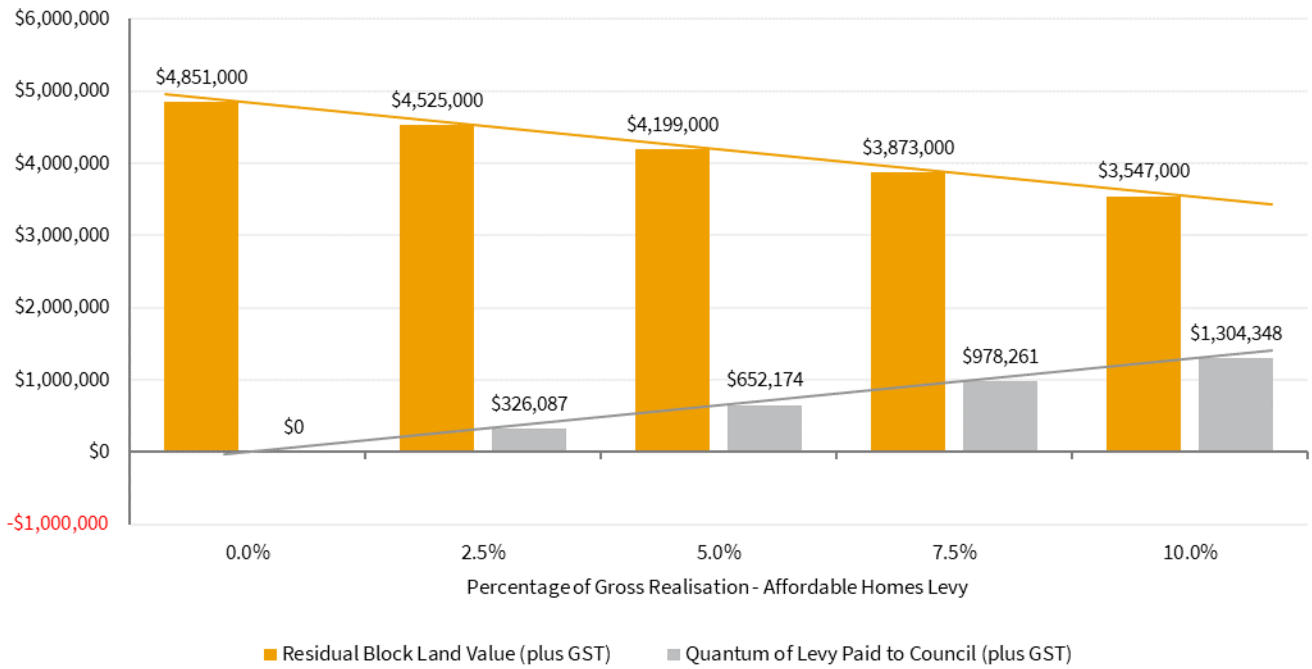
Our full worksheets are provided in Appendix B.

3.3.2 Summary

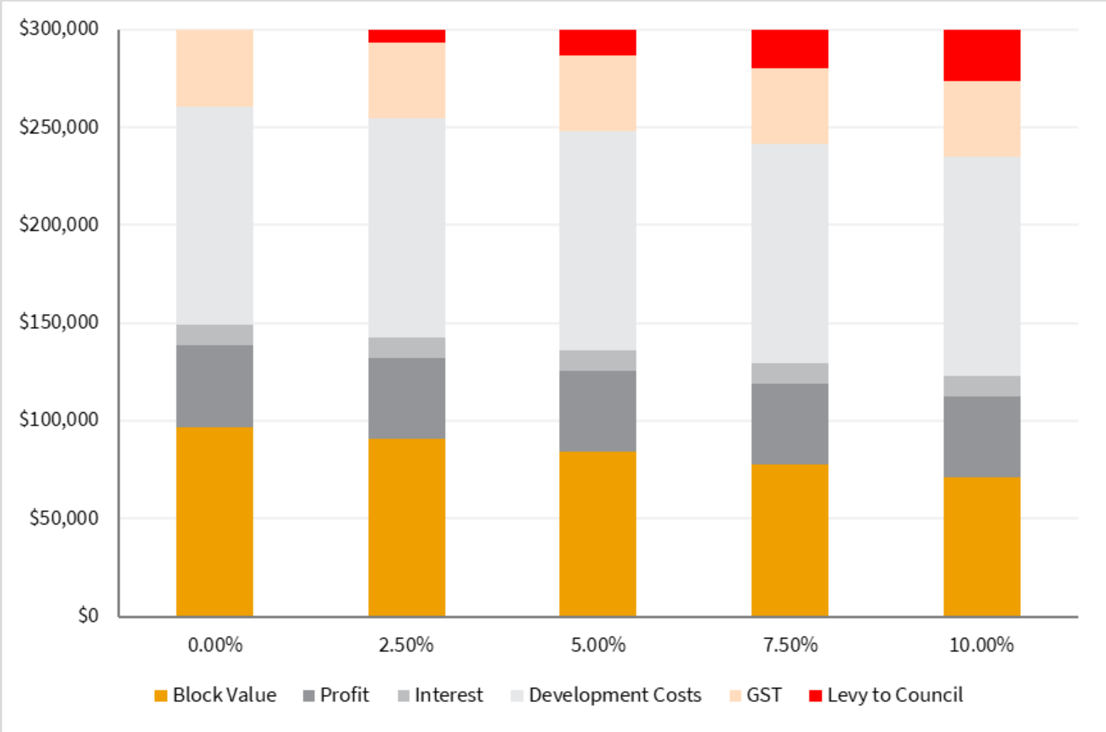
Description	Percentage of Gross Realisation - Affordable Homes Levy	Residual Block Value	Rate/ha	Difference in Residual Value	% Change	Sections Created	Total Levy (plus GST basis)	Total Costs	Total Profit
Scenario K	0.0%	$4,851,000	$1,636,033	$0	0.00%	50	$0	$6,102,026	$2,090,580
Scenario L	2.5%	$4,525,000	$1,526,087	$326,000	-6.72%	50	$326,087	$6,428,113	$2,090,580
Scenario M	5.0%	$4,199,000	$1,416,141	$652,000	-13.44%	50	$652,174	$6,754,200	$2,090,580
Scenario N	7.5%	$3,873,000	$1,306,195	$978,000	-20.16%	50	$978,261	$7,080,287	$2,090,580
Scenario O	10.0%	$3,547,000	$1,196,250	$1,304,000	-26.88%	50	$1,304,348	$7,406,374	$2,090,580

Please note the total profit remains fixed at $2,090,580 even as the levy increases. This is due to the gross realisation (total section sales) also remains fixed at $15,000,000 regardless of the quantum of levy and the developers desire to make 20% profit. The levy impacts directly on the residual block value which is the amount a developer could afford to pay for the raw block prior to developing.

3.3.3 Summary Graph



3.3.4 Section Value Breakdown Graph



This graph indicates a standard $300,000 section. The sales price is apportioned between the various components that make up the value of the section. The levy to council is displayed in Red and can be seen getting larger as the levy is increased. This graph enables the reader to visually see the impact on the block value as the levy increases.

We detail the section apportionment figures below:

Description	0.00%	2.50%	5.00%	7.50%	10.00%
Levy to Council	$0	$6,522	$13,043	$19,565	$26,087
GST	$39,130	$39,130	$39,130	$39,130	$39,130
Development Costs	$111,588	$111,588	$111,588	$111,588	$111,588
Interest	$10,453	$10,453	$10,453	$10,453	$10,453
Profit	$41,812	$41,812	$41,812	$41,812	$41,812
Block Value	$97,017	$90,496	$83,974	$77,452	$70,930
Total	**$300,000**	**$300,000**	**$300,000**	**$300,000**	**$300,000**

4 200 SECTION MODEL

4.1 GREENFIELD HAWEA – 200 SECTION MODEL GIFTING COUNCIL SECTIONS

4.1.1 Overview – Hypothetical Subdivision Method

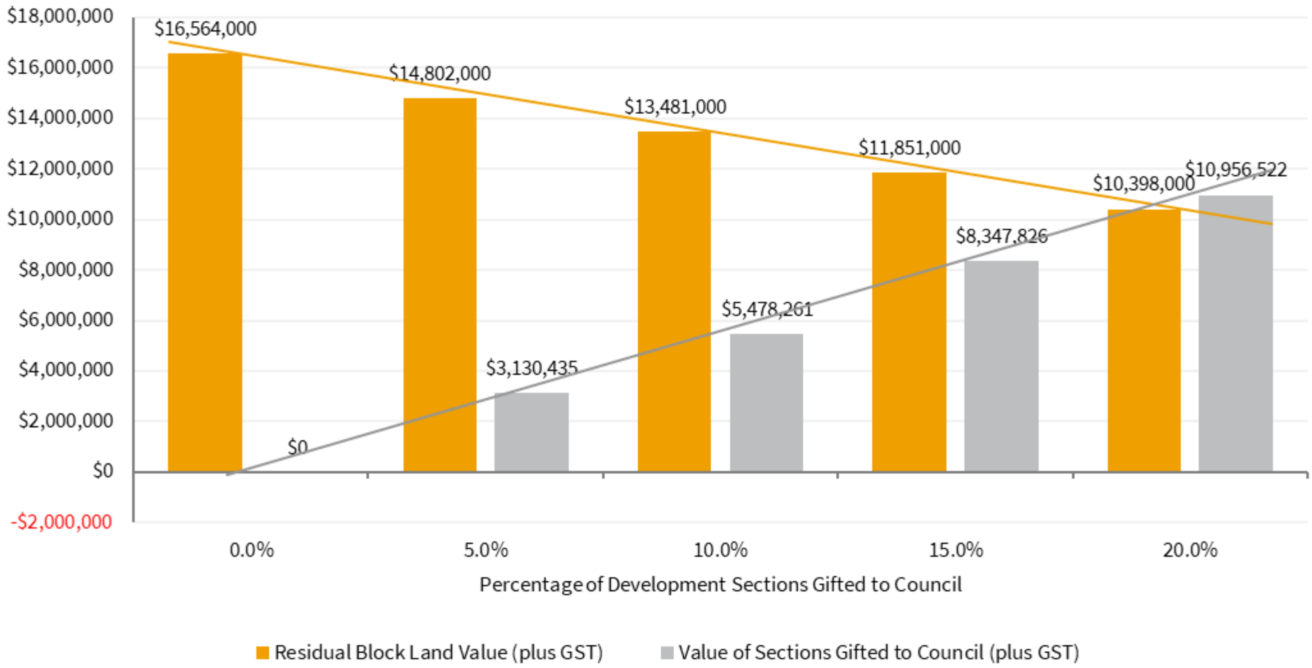
In these scenarios, we have based our analysis on the Council being gifted completed sections at no cost. Our model includes 5 scenarios ranging from 0% gifted to provide a base benchmark to 20% of the sections gifted. Our method involves gifting a percentage of the completed sites. Costs of sale expenses and development contributions have been excluded from the gifted sections. We have rounded up the number of sections gifted because it is not possible to gift part sections.

Our full worksheets are provided in Appendix C

4.1.2 Summary

Description	% of Development Sections Gifted to Council	Residual Block Value	Rate/ha	Difference in Residual Value	% Change	Sections Created	Value of Sections Provided to Council (plus GST basis)	Sections Provided to Council	Total Costs	Total Profit
Scenario A	0.0%	$16,564,000	$1,396,592	$0	0.00%	200	$0	-	$23,864,001	$10,034,783
Scenario B	5.0%	$14,802,000	$1,248,029	$1,762,000	-10.64%	200	$3,130,435	12	$23,270,616	$9,432,696
Scenario C	10.0%	$13,481,000	$1,136,649	$3,083,000	-18.61%	200	$5,478,261	21	$22,825,578	$8,981,130
Scenario D	15.0%	$11,851,000	$999,216	$4,713,000	-28.45%	200	$8,347,826	32	$22,283,314	$8,429,217
Scenario E	20.0%	$10,398,000	$876,706	$6,166,000	-37.23%	200	$10,956,522	42	$21,787,155	$7,927,478

4.1.3 Summary Graph



4.2 GREENFIELD HAWEA – 200 SECTION MODEL DISCOUNTING A PORTION OF SECTIONS

4.2.1 Overview – Hypothetical Subdivision Method

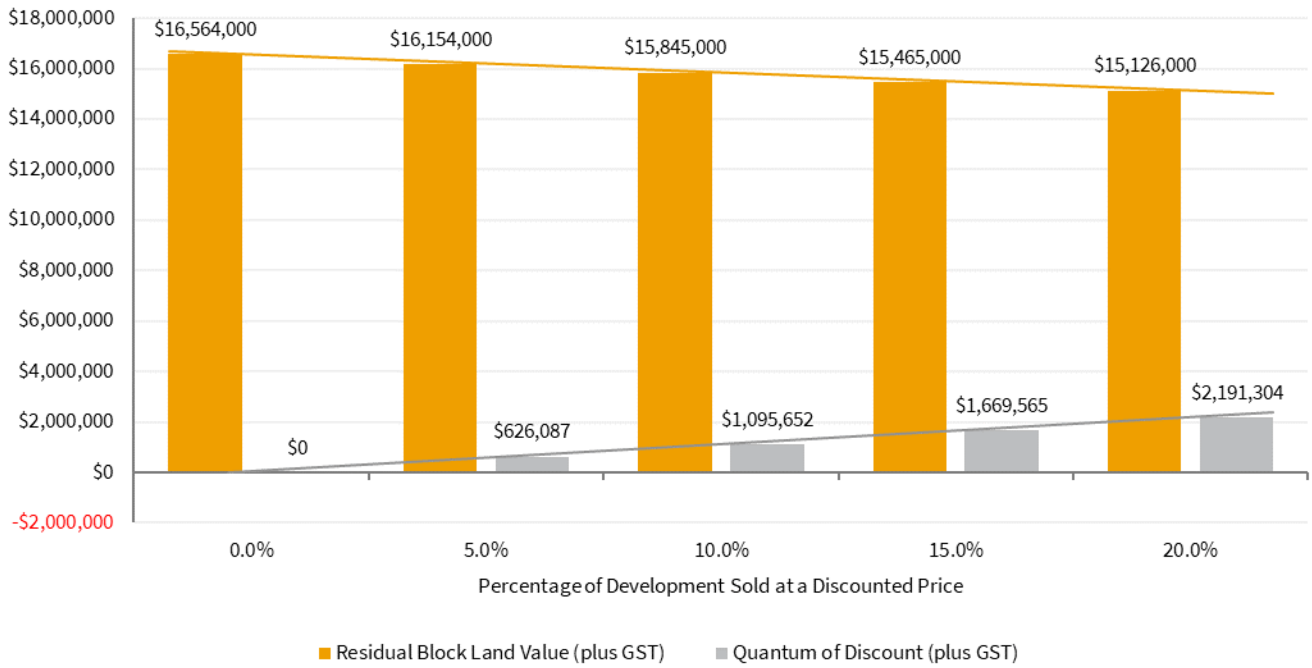
In these scenarios, we have based our analysis on the developer discounting a portion of the completed sections and selling to eligible purchasers. Our model includes 5 scenarios ranging from 0% discounted to provide a base benchmark to 20% of the sections discounted. Costs of sale expenses and development contributions for the discounted sections are included as usual. Our full worksheets are provided in Appendix C. We have discounted the sections as follows:

Description	Area (m²)	Usual Value	Discounted Value
Average Section Area	438	$300,000	$240,000

4.2.2 Summary

Description	Percentage of Development Sections Discounted	Residual Block Value	Rate/ha	Difference in Residual Value	% Change	Sections Created	Value of Discounting (plus GST basis)	Discounted Sections	Total Costs	Total Profit
Scenario F	0.0%	$16,564,000	$1,396,592	$0	0.00%	200	$0	-	$23,864,001	$10,034,783
Scenario G	5.0%	$16,154,000	$1,362,023	$410,000	-2.48%	200	$626,087	12	$23,810,161	$9,913,885
Scenario H	10.0%	$15,845,000	$1,335,970	$719,000	-4.34%	200	$1,095,652	21	$23,769,782	$9,823,212
Scenario I	15.0%	$15,465,000	$1,303,930	$1,099,000	-6.63%	200	$1,669,565	32	$23,720,765	$9,712,390
Scenario J	20.0%	$15,126,000	$1,275,347	$1,438,000	-8.68%	200	$2,191,304	42	$23,675,563	$9,611,642

4.2.3 Summary Graph



4.3 GREENFIELD HAWEA – 200 SECTION MODEL PAYING A LEVY TO COUNCIL

4.3.1 Overview – Hypothetical Subdivision Method

In these scenarios, we have based our analysis on the developer paying a levy directly to Council as titles are issued. The levy would be based on a percentage of the gross realisation value of completed sections. The Council can provide affordable housing with the proceeds of the levy as they please. Our model includes 5 scenarios ranging from 0% levy to provide a base benchmark to 10% levy of the gross realisation.

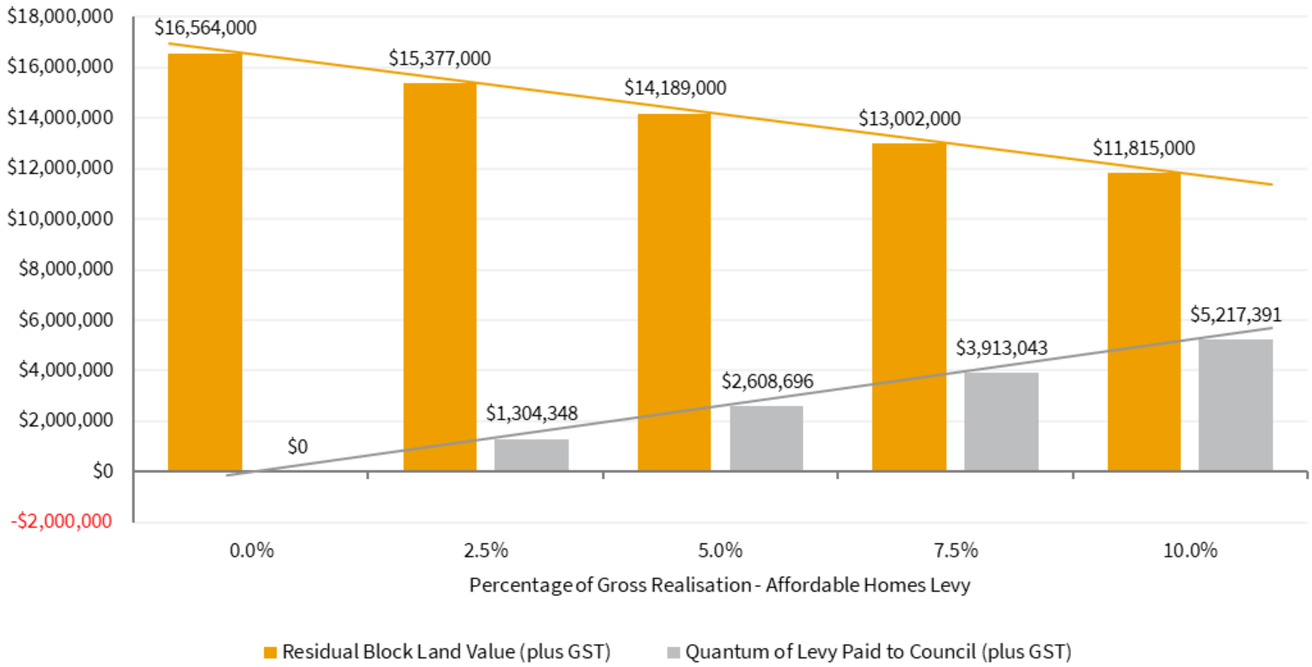
Our full worksheets are provided in Appendix C.

4.3.2 Summary

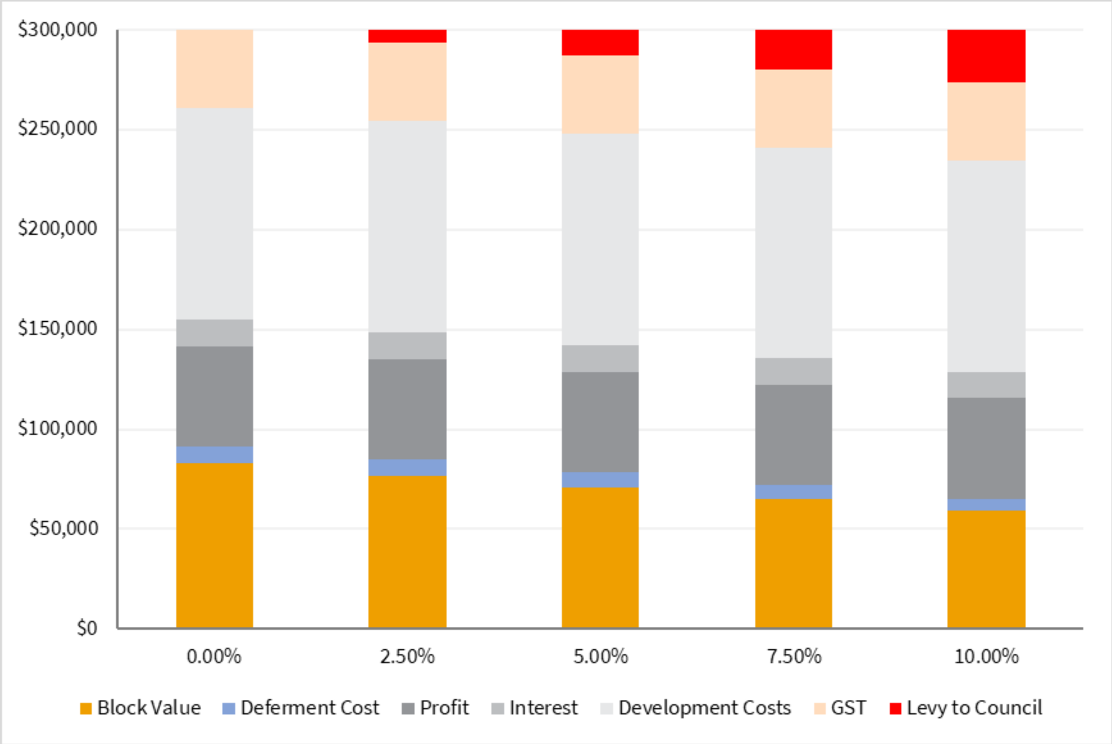
Description	Percentage of Gross Realisation - Affordable Homes Levy	Residual Block Value	Rate/ha	Difference in Residual Value	% Change	Sections Created	Total Levy (plus GST basis)		Total Costs	Total Profit
Scenario K	0.0%	$16,564,000	$1,396,592	$0	0.00%	200	$0	-	$23,864,001	$10,034,783
Scenario L	2.5%	$15,377,000	$1,296,510	$1,187,000	-7.17%	200	$1,304,348	-	$25,168,348	$10,034,783
Scenario M	5.0%	$14,189,000	$1,196,344	$2,375,000	-14.34%	200	$2,608,696	-	$26,472,696	$10,034,783
Scenario N	7.5%	$13,002,000	$1,096,262	$3,562,000	-21.50%	200	$3,913,043	-	$27,777,044	$10,034,783
Scenario O	10.0%	$11,815,000	$996,181	$4,749,000	-28.67%	200	$5,217,391	-	$29,081,392	$10,034,783

Please note the total profit remains fixed at $10,034,783 even as the levy increases. This is due to the gross realisation (total section sales) also remains fixed at $60,000,000 regardless of the quantum of levy and the developers desire to make 25% profit. The levy impacts directly on the residual block value which is the amount a developer could afford to pay for the raw block prior to developing.

4.3.3 Summary Graph



4.3.4 Section Value Breakdown Graph



This graph indicates a standard $300,000 section. The sales price is apportioned between the various components that make up the value of the section. The levy to council is displayed in Red and can be seen getting larger as the levy is increased. This graph enables the reader to visually see the impact on the block value as the levy increases.

We detail the section apportionment figures below:

Description	0.00%	2.50%	5.00%	7.50%	10.00%
Levy to Council	$0	$6,522	$13,043	$19,565	$26,087
GST	$39,130	$39,130	$39,130	$39,130	$39,130
Development Costs	$105,949	$105,949	$105,949	$105,949	$105,949
Interest	$13,371	$13,371	$13,371	$13,371	$13,371
Profit	$50,174	$50,174	$50,174	$50,174	$50,174
Deferment Cost	$8,557	$7,972	$7,388	$6,803	$6,218
Block Value	$82,819	$76,882	$70,945	$65,007	$59,070
Total	**$300,000**	**$300,000**	**$300,000**	**$300,000**	**$300,000**

5 CONCLUDING COMMENTS

5.1 GREENFIELD

Our research has revealed the impact of providing affordable housing by way of gifting sections, selling discounted sections and paying a levy to Council. The extent to which these occur impacts directly on the underlying value of the block land.

We have previously completed our approach on a nominal block of 11.5955ha at Hanley's Park (177 sections). We have now extended our approach to incorporate a nominal block at Hawea. The Hawea scenarios include a 10 section model, a 50 section model and a 200 section model. These 'nominal' blocks would have a total land area of 0.5930ha (10 section model), 2.9651ha (50 Section model) and 11.8603 (200 section model).

Our analysis of the Hawea scenarios mirrors that undertaken at Hanley's Farm to provide a degree of consistency. This allows the data to be interpreted consistently across two regions with different section value levels and varying degrees of scale and allows decision-makers to better understand the impact of a proposed policy on developers.

The Queenstown region has typically experienced the boom and bust property cycles to a greater degree than other regions. The region appears to be stabilising to some degree as more orthodox development is provided and the population has grown. The region has typically been regarded as a wonderful holiday destination but now many more people can live in and work in the region due to technology advances and remote working opportunities. The Covid situation has severely impacted the international tourism market and tourist numbers to the region have been impacted. The property market in the region appears to have continued in a buoyant phase despite the economic challenges facing many in the region.

Developing new subdivisions is one of the highest-risk activities in the property market. To undertake a large-scale development requires specialised knowledge and expert support, substantial financial resources or access to financial resources. A development is also exposed to market fluctuations, changing markets and changing levels of demand throughout the property cycle. Developers typically require a pre-determined rate of return as an incentive to undertake the project and be exposed to the associated risk.

All three potential affordable homes mechanisms impact on the value of the block land (primarily) and prior to the development commencing. The measures typically have less impact on profitability because as previously discussed, most developers enter the project with a pre-determined rate that they expect to make from the exercise and therefore would pay less to acquire the block land at commencement in order to achieve the same rate of return from what is a high-risk exercise.

6 STATEMENT OF LIMITING CONDITIONS AND ADVISORY POLICY

Purpose
This report has been completed for the specific advisory purpose stated. No responsibility is accepted in the event that this report is used for any other purpose. We do not accept liability for losses arising from reliance on our value estimate.

This report is indicative in nature and should not be relied upon as a basis for any contract that relies upon this indication as a statement of value for the purpose of sale or purchase of a property or as an asset value to be relied upon by any other third party.

Responsibility to third party
Our responsibility is limited to the client to whom the report is addressed and to that client only. We disclaim all responsibility and will accept no liability to any other party without first obtaining the written consent of TelferYoung (Canterbury) Limited and the author of the report. TelferYoung (Canterbury) Limited reserves the right to alter, amend, explain or limit any further information given to any other party.

Reproduction of report
Neither the whole nor any part of this advisory report or any reference to it may be included in any published document, circular or statement without first obtaining our written approval of the form and context in which it may appear. Our report is only valid when bearing the Valuer's signature.

Date of advice
Unless otherwise stated, the effective date of the advice is the date of the report. The advice provided is current as at the effective date only. The market may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property).

Reliability of data
The data and statistical information contained herein was gathered for advisory purposes from reliable, commonly utilised industry sources. Whilst we have endeavoured to ensure that the data and information is correct, in many cases, we cannot specifically verify the information at source and therefore cannot guarantee its accuracy.

Assumptions
This report contains assumptions believed to be fair and reasonable at the date of reporting. In the event that assumptions made based on information relied upon is later proven incorrect, or known by the recipient to be incorrect at the date of reporting, TelferYoung (Canterbury) Limited reserves the right to reconsider the report and advice provided.

GST
The available sources of sales data upon which our value estimate is based generally do not identify whether or not a sale price is inclusive or exclusive of GST. Unless it has been necessary and possible to specifically verify the GST status of a particular sale, it has been assumed that available sale price data has been transacted on a GST inclusive (if any) basis, which is in accordance with standard industry practice for most residential property. Should this interpretation not be correct for any particular sale or rental used as evidence, we reserve the right to reconsider our value estimate.

Contamination
Unless otherwise stated our report assumes that the land and buildings are unaffected by harmful contaminants or noxious materials which may impact on value. Verification that the property is free from contamination and has not been affected by noxious materials should be obtained from a suitably qualified environmental expert.

Please contact the writer should you wish to discuss any matters raised in this report.

Yours faithfully

TelferYoung (Canterbury) Limited

Martin Winder
B Com (VPM), ANZIV, MPINZ
Registered Valuer
Director
E martin.winder@telferyoung.com

APPENDIX A

HAWEA 10 SECTION MODEL - HYPOTHETICAL SUBDIVISION METHOD WORKSHEETS

Greenfield - Hawea

Scenario A	Inputs
Average section area (m^2)	438
Average section value (incl GST)	$300,000
Number sections	10
Council Affordable Housing Levy	0.0%
Number of gifted sections	0
Total Sections (excluding gifted sections)	10
Legal per lot	$1,000
Sales commissions	3.00%
Profit and risk	15.00%
Direct development costs per lot (inc contingency)	$80,000
Trunk connection costs	$80,000
Promotion per lot	$2,000
Development contribution per additional lot	$24,069
Development and realisation period (yrs)	1.00
Interest Rate	5.00%

Description - 1 Stage			Calculations
Section Sales	10	$300,000	$3,000,000
Total Section Sales			**$3,000,000**
▪ Less GST			$391,304
Net Realisation			**$2,608,696**
Less Costs of Sales			
▪ Legal	10	$10,000	
▪ Commissions	10	$90,000	$100,000
Net Realisation			**$2,508,696**
Less Profit & Risk on Outlay		15.00%	$327,221
Outlay			**$2,181,474**
Less Development Costs			
▪ Direct development	10	$800,000	
▪ Trunk connection costs		$80,000	
▪ Interest		$54,537	
▪ Promotion		$20,000	
▪ Development contributions		$216,621	$1,171,158
Residual Land Value			**$1,010,317**
Adopt – Exclusive of GST			**$1,010,000**

Stage	Total
1 Stage	$1,010,000
Total	**$1,010,000**

Greenfield - Hawea

Scenario B	Inputs
Average section area (m²)	438
Average section value (incl GST)	$300,000
Number sections	10
Council Affordable Housing Levy	5.0%
Number of gifted sections	1
Total Sections (excluding gifted sections)	9
Legal per lot	$1,000
Sales commissions	3.00%
Profit and risk	15.00%
Direct development costs per lot (inc contingency)	$80,000
Trunk connection costs	$80,000
Promotion per lot	$2,000
Development contribution per additional lot	$24,069
Development and realisation period (yrs)	1.00
Interest Rate	5.00%

Description - 1 Stage			Calculations
Section Sales	9	$300,000	$2,700,000
Total Section Sales			**$2,700,000**
■ Less GST			$352,174
Net Realisation			**$2,347,826**
Less Costs of Sales			
■ Legal	9	$9,000	
■ Commissions	9	$81,000	$90,000
Net Realisation			**$2,257,826**
Less Profit & Risk on Outlay		15.00%	$294,499
Outlay			**$1,963,327**
Less Development Costs			
■ Direct development	10	$800,000	
■ Trunk connection costs		$80,000	
■ Interest		$49,083	
■ Promotion		$18,000	
■ Development contributions		$192,552	$1,139,635
Residual Land Value			**$823,692**
Adopt – Exclusive of GST			**$824,000**

Stage	Total
1 Stage	$824,000
Total	**$824,000**

Greenfield - Hawea

Scenario C	Inputs
Average section area (m^2)	438
Average section value (incl GST)	$300,000
Number sections	10
Council Affordable Housing Levy	10.0%
Number of gifted sections	1
Total Sections (excluding gifted sections)	9
Legal per lot	$1,000
Sales commissions	3.00%
Profit and risk	15.00%
Direct development costs per lot (inc contingency)	$80,000
Trunk connection costs	$80,000
Promotion per lot	$2,000
Development contribution per additional lot	$24,069
Development and realisation period (yrs)	1.00
Interest Rate	5.00%

Description - 1 Stage			Calculations
Section Sales	9	$300,000	$2,700,000
Total Section Sales			**$2,700,000**
▪ Less GST			$352,174
Net Realisation			**$2,347,826**
Less Costs of Sales			
▪ Legal	9	$9,000	
▪ Commissions	9	$81,000	$90,000
Net Realisation			**$2,257,826**
Less Profit & Risk on Outlay		15.00%	$294,499
Outlay			**$1,963,327**
Less Development Costs			
▪ Direct development	10	$800,000	
▪ Trunk connection costs		$80,000	
▪ Interest		$49,083	
▪ Promotion		$18,000	
▪ Development contributions		$192,552	$1,139,635
Residual Land Value			**$823,692**
Adopt – Exclusive of GST			**$824,000**

Stage	Total
1 Stage	$824,000
Total	**$824,000**

Greenfield - Hawea

Scenario D	Inputs
Average section area (m²)	438
Average section value (incl GST)	$300,000
Number sections	10
Council Affordable Housing Levy	15.0%
Number of gifted sections	2
Total Sections (excluding gifted sections)	8
Legal per lot	$1,000
Sales commissions	3.00%
Profit and risk	15.00%
Direct development costs per lot (inc contingency)	$80,000
Trunk connection costs	$80,000
Promotion per lot	$2,000
Development contribution per additional lot	$24,069
Development and realisation period (yrs)	1.00
Interest Rate	5.00%

Description - 1 Stage			Calculations
Section Sales	8	$300,000	$2,400,000
Total Section Sales			**$2,400,000**
■ Less GST			$313,043
Net Realisation			**$2,086,957**
Less Costs of Sales			
■ Legal	8	$8,000	
■ Commissions	8	$72,000	$80,000
Net Realisation			**$2,006,957**
Less Profit & Risk on Outlay		15.00%	$261,777
Outlay			**$1,745,180**
Less Development Costs			
■ Direct development	10	$800,000	
■ Trunk connection costs		$80,000	
■ Interest		$43,629	
■ Promotion		$16,000	
■ Development contributions		$168,483	$1,108,112
Residual Land Value			**$637,067**
Adopt – Exclusive of GST			**$637,000**

Stage	Total
1 Stage	$637,000
Total	**$637,000**

Greenfield - Hawea

Scenario E	Inputs
Average section area (m^2)	438
Average section value (incl GST)	$300,000
Number sections	10
Council Affordable Housing Levy	20.0%
Number of gifted sections	2
Total Sections (excluding gifted sections)	8
Legal per lot	$1,000
Sales commissions	3.00%
Profit and risk	15.00%
Direct development costs per lot (inc contingency)	$80,000
Trunk connection costs	$80,000
Promotion per lot	$2,000
Development contribution per additional lot	$24,069
Development and realisation period (yrs)	1.00
Interest Rate	5.00%

Description - 1 Stage			Calculations
Section Sales	8	$300,000	$2,400,000
Total Section Sales			**$2,400,000**
■ Less GST			$313,043
Net Realisation			**$2,086,957**
Less Costs of Sales			
■ Legal	8	$8,000	
■ Commissions	8	$72,000	$80,000
Net Realisation			**$2,006,957**
Less Profit & Risk on Outlay		15.00%	$261,777
Outlay			**$1,745,180**
Less Development Costs			
■ Direct development	10	$800,000	
■ Trunk connection costs		$80,000	
■ Interest		$43,629	
■ Promotion		$16,000	
■ Development contributions		$168,483	$1,108,112
Residual Land Value			**$637,067**
Adopt – Exclusive of GST			**$637,000**

Stage	Total
1 Stage	$637,000
Total	**$637,000**

Greenfield - Hawea

Scenario F	Inputs
Average section area (m²)	438
Average section value (incl GST)	$300,000
Number sections	10
Council Affordable Housing Levy	0.0%
Number of discounted sections	0
Total (non-discounted sections)	10
Discounted section value	$240,000
Legal per lot	$1,000
Sales commissions	3.00%
Profit and risk	15.00%
Direct development costs per lot (inc contingency)	$80,000
Trunk connection costs	$80,000
Promotion per lot	$2,000
Development contribution per additional lot	$24,069
Development and realisation period (yrs)	1.00
Interest Rate	5.00%

Description - 1 Stage			Calculations
Section Sales	10	$300,000	$3,000,000
Discounted Section Sales	0	$240,000	$0
Total Section Sales	10		**$3,000,000**
■ Less GST			$391,304
Net Realisation			**$2,608,696**
Less Costs of Sales			
■ Legal	10	$10,000	
■ Commissions	10	$90,000	$100,000
Net Realisation			**$2,508,696**
Less Profit & Risk on Outlay		15.00%	$327,221
Outlay			**$2,181,474**
Less Development Costs			
■ Direct development	10	$800,000	
■ Trunk connection costs		$80,000	
■ Interest		$54,537	
■ Promotion		$20,000	
■ Development contributions		$216,621	$1,171,158
Residual Land Value			**$1,010,317**
Adopt – Exclusive of GST			**$1,010,000**

Stage	Total
1 Stage	$1,010,000
Total	**$1,010,000**

Greenfield - Hawea

Scenario G	Inputs
Average section area (m^2)	438
Average section value (incl GST)	$300,000
Number sections	10
Council Affordable Housing Levy	5.0%
Number of discounted sections	1
Total (non-discounted sections)	9
Discounted section value	$240,000
Legal per lot	$1,000
Sales commissions	3.00%
Profit and risk	15.00%
Direct development costs per lot (inc contingency)	$80,000
Trunk connection costs	$80,000
Promotion per lot	$2,000
Development contribution per additional lot	$24,069
Development and realisation period (yrs)	1.00
Interest Rate	5.00%

Description - 1 Stage			Calculations
Section Sales	9	$300,000	$2,700,000
Discounted Section Sales	1	$240,000	$240,000
Total Section Sales	10		**$2,940,000**
■ Less GST			$383,478
Net Realisation			**$2,556,522**
Less Costs of Sales			
■ Legal	10	$10,000	
■ Commissions	10	$88,200	$98,200
Net Realisation			**$2,458,322**
Less Profit & Risk on Outlay		15.00%	$320,651
Outlay			**$2,137,671**
Less Development Costs			
■ Direct development	10	$800,000	
■ Trunk connection costs		$80,000	
■ Interest		$53,442	
■ Promotion		$20,000	
■ Development contributions		$216,621	$1,170,063
Residual Land Value			**$967,608**
Adopt – Exclusive of GST			**$968,000**

Stage	Total
Stage 1	$968,000
Total	**$968,000**

Greenfield - Hawea

Scenario H	Inputs
Average section area (m^2)	438
Average section value (incl GST)	$300,000
Number sections	10
Council Affordable Housing Levy	10.0%
Number of discounted sections	1
Total (non-discounted sections)	9
Discounted section value	$240,000
Legal per lot	$1,000
Sales commissions	3.00%
Profit and risk	15.00%
Direct development costs per lot (inc contingency)	$80,000
Trunk connection costs	$80,000
Promotion per lot	$2,000
Development contribution per additional lot	$24,069
Development and realisation period (yrs)	1.00
Interest Rate	5.00%

Description - 1 Stage			Calculations
Section Sales	9	$300,000	$2,700,000
Discounted Section Sales	1	$240,000	$240,000
Total Section Sales	10		**$2,940,000**
■ Less GST			$383,478
Net Realisation			**$2,556,522**
Less Costs of Sales			
■ Legal	10	$10,000	
■ Commissions	10	$88,200	$98,200
Net Realisation			**$2,458,322**
Less Profit & Risk on Outlay		15.00%	$320,651
Outlay			**$2,137,671**
Less Development Costs			
■ Direct development	10	$800,000	
■ Trunk connection costs		$80,000	
■ Interest		$53,442	
■ Promotion		$20,000	
■ Development contributions		$216,621	$1,170,063
Residual Land Value			**$967,608**
Adopt – Exclusive of GST			**$968,000**

Stage	Total
Stage 1	$968,000
Total	**$968,000**

Greenfield - Hawea

Scenario I	Inputs
Average section area (m²)	438
Average section value (incl GST)	$300,000
Number sections	10
Council Affordable Housing Levy	15.0%
Number of discounted sections	2
Total (non-discounted sections)	8
Discounted section value	$240,000
Legal per lot	$1,000
Sales commissions	3.00%
Profit and risk	15.00%
Direct development costs per lot (inc contingency)	$80,000
Trunk connection costs	$80,000
Promotion per lot	$2,000
Development contribution per additional lot	$24,069
Development and realisation period (yrs)	1.00
Interest Rate	5.00%

Description - 1 Stage			Calculations
Section Sales	8	$300,000	$2,400,000
Discounted Section Sales	2	$240,000	$480,000
Total Section Sales	10		**$2,880,000**
▪ Less GST			$375,652
Net Realisation			**$2,504,348**
Less Costs of Sales			
▪ Legal	10	$10,000	
▪ Commissions	10	$86,400	$96,400
Net Realisation			**$2,407,948**
Less Profit & Risk on Outlay		15.00%	$314,080
Outlay			**$2,093,868**
Less Development Costs			
▪ Direct development	10	$800,000	
▪ Trunk connection costs		$80,000	
▪ Interest		$52,347	
▪ Promotion		$20,000	
▪ Development contributions		$216,621	$1,168,968
Residual Land Value			**$924,900**
Adopt – Exclusive of GST			**$925,000**

Stage	Total
Stage 1	$925,000
Total	**$925,000**

Greenfield - Hawea

Scenario J	Inputs
Average section area (m²)	438
Average section value (incl GST)	$300,000
Number sections	10
Council Affordable Housing Levy	20.0%
Number of discounted sections	2
Total (non-discounted sections)	8
Discounted section value	$240,000
Legal per lot	$1,000
Sales commissions	3.00%
Profit and risk	15.00%
Direct development costs per lot (inc contingency)	$80,000
Trunk connection costs	$80,000
Promotion per lot	$2,000
Development contribution per additional lot	$24,069
Development and realisation period (yrs)	1.00
Interest Rate	5.00%

Description - 1 Stage			Calculations
Section Sales	8	$300,000	$2,400,000
Discounted Section Sales	2	$240,000	$480,000
Total Section Sales	10		**$2,880,000**
■ Less GST			$375,652
Net Realisation			**$2,504,348**
Less Costs of Sales			
■ Legal	10	$10,000	
■ Commissions	10	$86,400	$96,400
Net Realisation			**$2,407,948**
Less Profit & Risk on Outlay		15.00%	$314,080
Outlay			**$2,093,868**
Less Development Costs			
■ Direct development	10	$800,000	
■ Trunk connection costs		$80,000	
■ Interest		$52,347	
■ Promotion		$20,000	
■ Development contributions		$216,621	$1,168,968
Residual Land Value			**$924,900**
Adopt – Exclusive of GST			**$925,000**

Stage	Total
Stage 1	$925,000
Total	**$925,000**

Greenfield - Hawea

Scenario K	**Inputs**
Average section area (m²)	438
Average section value (incl GST)	$300,000
Number sections	10
Council Affordable Housing Levy	0.0%
Legal per lot	$1,000
Sales commissions	3.0%
Profit and risk	15.0%
Direct development costs per lot (inc contingency)	$80,000
Trunk connection costs	$80,000
Promotion per lot	$2,000
Development contribution per additional lot	$24,069
Development and realisation period (yrs)	1.00
Interest Rate	5.00%

Description - 1 Stage			**Calculations**
Section Sales	10	$300,000	$3,000,000
Total Section Sales	10		**$3,000,000**
■ Less GST			$391,304
Net Realisation			**$2,608,696**
Less Costs of Sales			
■ Legal	10	$10,000	
■ Commissions	10	$90,000	$100,000
Net Realisation			**$2,508,696**
Less Profit & Risk on Outlay		15.00%	$327,221
Outlay			**$2,181,474**
Less Development Costs			
■ Direct development	10	$800,000	
■ Trunk connection costs		$80,000	
■ Affordable homes levy		$0	
■ Interest		$54,537	
■ Promotion		$20,000	
■ Development contributions		$216,621	$1,171,158
Residual Land Value			**$1,010,317**
Adopt – Exclusive of GST			**$1,010,000**

Stage	**Total**
1 Stage	$1,010,000
Total	**$1,010,000**

Greenfield - Hawea

Scenario L	Inputs
Average section area (m²)	438
Average section value (incl GST)	$300,000
Number sections	10
Council Affordable Housing Levy	2.5%
Legal per lot	$1,000
Sales commissions	3.0%
Profit and risk	15.0%
Direct development costs per lot (inc contingency)	$80,000
Trunk connection costs	$80,000
Promotion per lot	$2,000
Development contribution per additional lot	$24,069
Development and realisation period (yrs)	1.00
Interest Rate	5.00%

Description - 1 Stage			Calculations
Section Sales	10	$300,000	$3,000,000
Total Section Sales	10		**$3,000,000**
■ Less GST			$391,304
Net Realisation			**$2,608,696**
Less Costs of Sales			
■ Legal	10	$10,000	
■ Commissions	10	$90,000	$100,000
Net Realisation			**$2,508,696**
Less Profit & Risk on Outlay		15.00%	$327,221
Outlay			**$2,181,474**
Less Development Costs			
■ Direct development	10	$800,000	
■ Trunk connection costs		$80,000	
■ Affordable homes levy		$65,217	
■ Interest		$54,537	
■ Promotion		$20,000	
■ Development contributions		$216,621	$1,236,375
Residual Land Value			**$945,099**
Adopt – Exclusive of GST			**$945,000**

Stage	Total
1 Stage	$945,000
Total	**$945,000**

Greenfield - Hawea

Scenario M	Inputs
Average section area (m²)	438
Average section value (incl GST)	$300,000
Number sections	10
Council Affordable Housing Levy	5.0%
Legal per lot	$1,000
Sales commissions	3.0%
Profit and risk	15.0%
Direct development costs per lot (inc contingency)	$80,000
Trunk connection costs	$80,000
Promotion per lot	$2,000
Development contribution per additional lot	$24,069
Development and realisation period (yrs)	1.00
Interest Rate	5.00%

Description - 1 Stage			Calculations
Section Sales	10	$300,000	$3,000,000
Total Section Sales	10		**$3,000,000**
▪ Less GST			$391,304
Net Realisation			**$2,608,696**
Less Costs of Sales			
▪ Legal	10	$10,000	
▪ Commissions	10	$90,000	$100,000
Net Realisation			**$2,508,696**
Less Profit & Risk on Outlay		15.00%	$327,221
Outlay			**$2,181,474**
Less Development Costs			
▪ Direct development	10	$800,000	
▪ Trunk connection costs		$80,000	
▪ Affordable homes levy		$130,435	
▪ Interest		$54,537	
▪ Promotion		$20,000	
▪ Development contributions		$216,621	$1,301,593
Residual Land Value			**$879,882**
Adopt – Exclusive of GST			**$880,000**

Stage	Total
1 Stage	$880,000
Total	**$880,000**

Greenfield - Hawea

Scenario N	Inputs
Average section area (m^2)	438
Average section value (incl GST)	$300,000
Number sections	10
Council Affordable Housing Levy	7.5%
Legal per lot	$1,000
Sales commissions	3.0%
Profit and risk	15.0%
Direct development costs per lot (inc contingency)	$80,000
Trunk connection costs	$80,000
Promotion per lot	$2,000
Development contribution per additional lot	$24,069
Development and realisation period (yrs)	1.00
Interest Rate	5.00%

Description - 1 Stage			Calculations
Section Sales	10	$300,000	$3,000,000
Total Section Sales	10		**$3,000,000**
■ Less GST			$391,304
Net Realisation			**$2,608,696**
Less Costs of Sales			
■ Legal	10	$10,000	
■ Commissions	10	$90,000	$100,000
Net Realisation			**$2,508,696**
Less Profit & Risk on Outlay		15.00%	$327,221
Outlay			**$2,181,474**
Less Development Costs			
■ Direct development	10	$800,000	
■ Trunk connection costs		$80,000	
■ Affordable homes levy		$195,652	
■ Interest		$54,537	
■ Promotion		$20,000	
■ Development contributions		$216,621	$1,366,810
Residual Land Value			**$814,664**
Adopt – Exclusive of GST			**$815,000**

Stage	Total
1 Stage	$815,000
Total	**$815,000**

Greenfield - Hawea

Scenario 0	Inputs
Average section area (m^2)	438
Average section value (incl GST)	$300,000
Number sections	10
Council Affordable Housing Levy	10.0%
Legal per lot	$1,000
Sales commissions	3.0%
Profit and risk	15.0%
Direct development costs per lot (inc contingency)	$80,000
Trunk connection costs	$80,000
Promotion per lot	$2,000
Development contribution per additional lot	$24,069
Development and realisation period (yrs)	1.00
Interest Rate	5.00%

Description - 1 Stage			Calculations
Section Sales	10	$300,000	$3,000,000
Total Section Sales	10		**$3,000,000**
■ Less GST			$391,304
Net Realisation			**$2,608,696**
Less Costs of Sales			
■ Legal	10	$10,000	
■ Commissions	10	$90,000	$100,000
Net Realisation			**$2,508,696**
Less Profit & Risk on Outlay		15.00%	$327,221
Outlay			**$2,181,474**
Less Development Costs			
■ Direct development	10	$800,000	
■ Trunk connection costs		$80,000	
■ Affordable homes levy		$260,870	
■ Interest		$54,537	
■ Promotion		$20,000	
■ Development contributions		$216,621	$1,432,027
Residual Land Value			**$749,447**
Adopt – Exclusive of GST			**$749,000**

Stage	Total
1 Stage	$749,000
Total	**$749,000**

APPENDIX B

HAWEA 50 SECTION MODEL - HYPOTHETICAL SUBDIVISION METHOD WORKSHEETS

Greenfield - Hawea 50 Section Model

Scenario A	Inputs
Average section area (m²)	438
Average section value (incl GST)	$300,000
Number sections	50
Council Affordable Housing Levy	0.0%
Number of gifted sections	0
Total Sections (excluding gifted sections)	50
Legal per lot	$1,000
Sales commissions	3.00%
Profit and risk	20.00%
Direct development costs per lot (inc contingency)	$70,000
Trunk connection costs	$300,000
Promotion per lot	$2,000
Development contribution per additional lot	$24,069
Development and realisation period (yrs)	2.00
Interest Rate	5.00%

Description - 1 Stage			Calculations
Section Sales	50	$300,000	$15,000,000
Total Section Sales			**$15,000,000**
■ Less GST			$1,956,522
Net Realisation			**$13,043,478**
Less Costs of Sales			
■ Legal	50	$50,000	
■ Commissions	50	$450,000	$500,000
Net Realisation			**$12,543,478**
Less Profit & Risk on Outlay		20.00%	$2,090,580
Outlay			**$10,452,899**
Less Development Costs			
■ Direct development	50	$3,500,000	
■ Trunk connection costs		$300,000	
■ Interest		$522,645	
■ Promotion		$100,000	
■ Development contributions		$1,179,381	$5,602,026
Residual Land Value			**$4,850,873**
Adopt – Exclusive of GST			**$4,851,000**

Stage	Total
1 Stage	$4,851,000
Total	**$4,851,000**

Greenfield - Hawea 50 Section Model

Scenario B	Inputs
Average section area (m^2)	438
Average section value (incl GST)	$300,000
Number sections	50
Council Affordable Housing Levy	5.0%
Number of gifted sections	3
Total Sections (excluding gifted sections)	47
Legal per lot	$1,000
Sales commissions	3.00%
Profit and risk	20.00%
Direct development costs per lot (inc contingency)	$70,000
Trunk connection costs	$300,000
Promotion per lot	$2,000
Development contribution per additional lot	$24,069
Development and realisation period (yrs)	2.00
Interest Rate	5.00%

Description - 1 Stage			Calculations
Section Sales	47	$300,000	$14,100,000
Total Section Sales			**$14,100,000**
■ Less GST			$1,839,130
Net Realisation			**$12,260,870**
Less Costs of Sales			
■ Legal	47	$47,000	
■ Commissions	47	$423,000	$470,000
Net Realisation			**$11,790,870**
Less Profit & Risk on Outlay		20.00%	$1,965,145
Outlay			**$9,825,725**
Less Development Costs			
■ Direct development	50	$3,500,000	
■ Trunk connection costs		$300,000	
■ Interest		$491,286	
■ Promotion		$94,000	
■ Development contributions		$1,107,174	$5,492,460
Residual Land Value			**$4,333,264**
Adopt – Exclusive of GST			**$4,333,000**

Stage	Total
1 Stage	$4,333,000
Total	**$4,333,000**

Greenfield - Hawea 50 Section Model

Scenario C	Inputs
Average section area (m^2)	438
Average section value (incl GST)	$300,000
Number sections	50
Council Affordable Housing Levy	10.0%
Number of gifted sections	5
Total Sections (excluding gifted sections)	45
Legal per lot	$1,000
Sales commissions	3.00%
Profit and risk	20.00%
Direct development costs per lot (inc contingency)	$70,000
Trunk connection costs	$300,000
Promotion per lot	$2,000
Development contribution per additional lot	$24,069
Development and realisation period (yrs)	2.00
Interest Rate	5.00%

Description - 1 Stage			Calculations
Section Sales	45	$300,000	$13,500,000
Total Section Sales			**$13,500,000**
■ Less GST			$1,760,870
Net Realisation			**$11,739,130**
Less Costs of Sales			
■ Legal	45	$45,000	
■ Commissions	45	$405,000	$450,000
Net Realisation			**$11,289,130**
Less Profit & Risk on Outlay		20.00%	$1,881,522
Outlay			**$9,407,609**
Less Development Costs			
■ Direct development	50	$3,500,000	
■ Trunk connection costs		$300,000	
■ Interest		$470,380	
■ Promotion		$90,000	
■ Development contributions		$1,059,036	$5,419,416
Residual Land Value			**$3,988,192**
Adopt – Exclusive of GST			**$3,988,000**

Stage	Total
1 Stage	$3,988,000
Total	**$3,988,000**

Greenfield - Hawea 50 Section Model

Scenario D	Inputs
Average section area (m²)	438
Average section value (incl GST)	$300,000
Number sections	50
Council Affordable Housing Levy	15.0%
Number of gifted sections	8
Total Sections (excluding gifted sections)	42
Legal per lot	$1,000
Sales commissions	3.00%
Profit and risk	20.00%
Direct development costs per lot (inc contingency)	$70,000
Trunk connection costs	$300,000
Promotion per lot	$2,000
Development contribution per additional lot	$24,069
Development and realisation period (yrs)	2.00
Interest Rate	5.00%

Description - 1 Stage			Calculations
Section Sales	42	$300,000	$12,600,000
Total Section Sales			**$12,600,000**
■ Less GST			$1,643,478
Net Realisation			**$10,956,522**
Less Costs of Sales			
■ Legal	42	$42,000	
■ Commissions	42	$378,000	$420,000
Net Realisation			**$10,536,522**
Less Profit & Risk on Outlay		20.00%	$1,756,087
Outlay			**$8,780,435**
Less Development Costs			
■ Direct development	50	$3,500,000	
■ Trunk connection costs		$300,000	
■ Interest		$439,022	
■ Promotion		$84,000	
■ Development contributions		$986,829	$5,309,851
Residual Land Value			**$3,470,584**
Adopt – Exclusive of GST			**$3,471,000**

Stage	Total
1 Stage	$3,471,000
Total	**$3,471,000**

Greenfield - Hawea 50 Section Model

Scenario E	Inputs
Average section area (m²)	438
Average section value (incl GST)	$300,000
Number sections	50
Council Affordable Housing Levy	20.0%
Number of gifted sections	10
Total Sections (excluding gifted sections)	40
Legal per lot	$1,000
Sales commissions	3.00%
Profit and risk	20.00%
Direct development costs per lot (inc contingency)	$70,000
Trunk connection costs	$300,000
Promotion per lot	$2,000
Development contribution per additional lot	$24,069
Development and realisation period (yrs)	2.00
Interest Rate	5.00%

Description - 1 Stage			Calculations
Section Sales	40	$300,000	$12,000,000
Total Section Sales			**$12,000,000**
■ Less GST			$1,565,217
Net Realisation			**$10,434,783**
Less Costs of Sales			
■ Legal	40	$40,000	
■ Commissions	40	$360,000	$400,000
Net Realisation			**$10,034,783**
Less Profit & Risk on Outlay		20.00%	$1,672,464
Outlay			**$8,362,319**
Less Development Costs			
■ Direct development	50	$3,500,000	
■ Trunk connection costs		$300,000	
■ Interest		$418,116	
■ Promotion		$80,000	
■ Development contributions		$938,691	$5,236,807
Residual Land Value			**$3,125,512**
Adopt – Exclusive of GST			**$3,126,000**

Stage	Total
1 Stage	$3,126,000
Total	**$3,126,000**

Greenfield - Hawea 50 Section Model

Scenario F	Inputs
Average section area (m^2)	438
Average section value (incl GST)	$300,000
Number sections	50
Council Affordable Housing Levy	0.0%
Number of discounted sections	0
Total (non-discounted sections)	50
Discounted section value	$240,000
Legal per lot	$1,000
Sales commissions	3.00%
Profit and risk	20.00%
Direct development costs per lot (inc contingency)	$70,000
Trunk connection costs	$300,000
Promotion per lot	$2,000
Development contribution per additional lot	$24,069
Development and realisation period (yrs)	2.00
Interest Rate	5.00%

Description - 1 Stage			Calculations
Section Sales	50	$300,000	$15,000,000
Discounted Section Sales	0	$240,000	$0
Total Section Sales	50		**$15,000,000**
■ Less GST			$1,956,522
Net Realisation			**$13,043,478**
Less Costs of Sales			
■ Legal	50	$50,000	
■ Commissions	50	$450,000	$500,000
Net Realisation			**$12,543,478**
Less Profit & Risk on Outlay		20.00%	$2,090,580
Outlay			**$10,452,899**
Less Development Costs			
■ Direct development	50	$3,500,000	
■ Trunk connection costs		$300,000	
■ Interest		$522,645	
■ Promotion		$100,000	
■ Development contributions		$1,179,381	$5,602,026
Residual Land Value			**$4,850,873**
Adopt – Exclusive of GST			**$4,851,000**

Stage	Total
1 Stage	$4,851,000
Total	**$4,851,000**

Greenfield - Hawea 50 Section Model

Scenario G	Inputs
Average section area (m^2)	438
Average section value (incl GST)	$300,000
Number sections	50
Council Affordable Housing Levy	5.0%
Number of discounted sections	3
Total (non-discounted sections)	47
Discounted section value	$240,000
Legal per lot	$1,000
Sales commissions	3.00%
Profit and risk	20.00%
Direct development costs per lot (inc contingency)	$70,000
Trunk connection costs	$300,000
Promotion per lot	$2,000
Development contribution per additional lot	$24,069
Development and realisation period (yrs)	2.00
Interest Rate	5.00%

Description - 1 Stage			Calculations
Section Sales	47	$300,000	$14,100,000
Discounted Section Sales	3	$240,000	$720,000
Total Section Sales	50		**$14,820,000**
▪ Less GST			$1,933,043
Net Realisation			**$12,886,957**
Less Costs of Sales			
▪ Legal	50	$50,000	
▪ Commissions	50	$444,600	$494,600
Net Realisation			**$12,392,357**
Less Profit & Risk on Outlay		20.00%	$2,065,393
Outlay			**$10,326,964**
Less Development Costs			
▪ Direct development	50	$3,500,000	
▪ Trunk connection costs		$300,000	
▪ Interest		$516,348	
▪ Promotion		$100,000	
▪ Development contributions		$1,179,381	$5,595,729
Residual Land Value			**$4,731,235**
Adopt – Exclusive of GST			**$4,731,000**

Stage	Total
Stage 1	$4,731,000
Total	**$4,731,000**

Greenfield - Hawea 50 Section Model

Scenario H	Inputs
Average section area (m^2)	438
Average section value (incl GST)	$300,000
Number sections	50
Council Affordable Housing Levy	10.0%
Number of discounted sections	5
Total (non-discounted sections)	45
Discounted section value	$240,000
Legal per lot	$1,000
Sales commissions	3.00%
Profit and risk	20.00%
Direct development costs per lot (inc contingency)	$70,000
Trunk connection costs	$300,000
Promotion per lot	$2,000
Development contribution per additional lot	$24,069
Development and realisation period (yrs)	2.00
Interest Rate	5.00%

Description - 1 Stage			Calculations
Section Sales	45	$300,000	$13,500,000
Discounted Section Sales	5	$240,000	$1,200,000
Total Section Sales	50		**$14,700,000**
■ Less GST			$1,917,391
Net Realisation			**$12,782,609**
Less Costs of Sales			
■ Legal	50	$50,000	
■ Commissions	50	$441,000	$491,000
Net Realisation			**$12,291,609**
Less Profit & Risk on Outlay		20.00%	$2,048,601
Outlay			**$10,243,007**
Less Development Costs			
■ Direct development	50	$3,500,000	
■ Trunk connection costs		$300,000	
■ Interest		$512,150	
■ Promotion		$100,000	
■ Development contributions		$1,179,381	$5,591,531
Residual Land Value			**$4,651,476**
Adopt – Exclusive of GST			**$4,651,000**

Stage	Total
Stage 1	$4,651,000
Total	**$4,651,000**

Greenfield - Hawea 50 Section Model

Scenario I	Inputs
Average section area (m²)	438
Average section value (incl GST)	$300,000
Number sections	50
Council Affordable Housing Levy	15.0%
Number of discounted sections	8
Total (non-discounted sections)	42
Discounted section value	$240,000
Legal per lot	$1,000
Sales commissions	3.00%
Profit and risk	20.00%
Direct development costs per lot (inc contingency)	$70,000
Trunk connection costs	$300,000
Promotion per lot	$2,000
Development contribution per additional lot	$24,069
Development and realisation period (yrs)	2.00
Interest Rate	5.00%

Description - 1 Stage			Calculations
Section Sales	42	$300,000	$12,600,000
Discounted Section Sales	8	$240,000	$1,920,000
Total Section Sales	50		**$14,520,000**
■ Less GST			$1,893,913
Net Realisation			**$12,626,087**
Less Costs of Sales			
■ Legal	50	$50,000	
■ Commissions	50	$435,600	$485,600
Net Realisation			**$12,140,487**
Less Profit & Risk on Outlay		20.00%	$2,023,414
Outlay			**$10,117,072**
Less Development Costs			
■ Direct development	50	$3,500,000	
■ Trunk connection costs		$300,000	
■ Interest		$505,854	
■ Promotion		$100,000	
■ Development contributions		$1,179,381	$5,585,235
Residual Land Value			**$4,531,838**
Adopt – Exclusive of GST			**$4,532,000**

Stage	Total
Stage 1	$4,532,000
Total	**$4,532,000**

Greenfield - Hawea 50 Section Model

Scenario J	Inputs
Average section area (m^2)	438
Average section value (incl GST)	$300,000
Number sections	50
Council Affordable Housing Levy	20.0%
Number of discounted sections	10
Total (non-discounted sections)	40
Discounted section value	$240,000
Legal per lot	$1,000
Sales commissions	3.00%
Profit and risk	20.00%
Direct development costs per lot (inc contingency)	$70,000
Trunk connection costs	$300,000
Promotion per lot	$2,000
Development contribution per additional lot	$24,069
Development and realisation period (yrs)	2.00
Interest Rate	5.00%

Description - 1 Stage			Calculations
Section Sales	40	$300,000	$12,000,000
Discounted Section Sales	10	$240,000	$2,400,000
Total Section Sales	50		**$14,400,000**
▪ Less GST			$1,878,261
Net Realisation			**$12,521,739**
Less Costs of Sales			
▪ Legal	50	$50,000	
▪ Commissions	50	$432,000	$482,000
Net Realisation			**$12,039,739**
Less Profit & Risk on Outlay		20.00%	$2,006,623
Outlay			**$10,033,116**
Less Development Costs			
▪ Direct development	50	$3,500,000	
▪ Trunk connection costs		$300,000	
▪ Interest		$501,656	
▪ Promotion		$100,000	
▪ Development contributions		$1,179,381	$5,581,037
Residual Land Value			**$4,452,079**
Adopt – Exclusive of GST			**$4,452,000**

Stage	Total
Stage 1	$4,452,000
Total	**$4,452,000**

Greenfield - Hawea 50 Section Model

Scenario K	Inputs
Average section area (m²)	438
Average section value (incl GST)	$300,000
Number sections	50
Council Affordable Housing Levy	0.0%
Legal per lot	$1,000
Sales commissions	3.0%
Profit and risk	20.0%
Direct development costs per lot (inc contingency)	$70,000
Trunk connection costs	$300,000
Promotion per lot	$2,000
Development contribution per additional lot	$24,069
Development and realisation period (yrs)	2.00
Interest Rate	5.00%

Description - 1 Stage			Calculations
Section Sales	50	$300,000	$15,000,000
Total Section Sales	50		**$15,000,000**
■ Less GST			$1,956,522
Net Realisation			**$13,043,478**
Less Costs of Sales			
■ Legal	50	$50,000	
■ Commissions	50	$450,000	$500,000
Net Realisation			**$12,543,478**
Less Profit & Risk on Outlay		20.00%	$2,090,580
Outlay			**$10,452,899**
Less Development Costs			
■ Direct development	50	$3,500,000	
■ Trunk connection costs		$300,000	
■ Affordable homes levy		$0	
■ Interest		$522,645	
■ Promotion		$100,000	
■ Development contributions		$1,179,381	$5,602,026
Residual Land Value			**$4,850,873**
Adopt – Exclusive of GST			**$4,851,000**

Stage	Total
1 Stage	$4,851,000
Total	**$4,851,000**

Greenfield - Hawea 50 Section Model

Scenario L	Inputs
Average section area (m^2)	438
Average section value (incl GST)	$300,000
Number sections	50
Council Affordable Housing Levy	2.5%
Legal per lot	$1,000
Sales commissions	3.0%
Profit and risk	20.0%
Direct development costs per lot (inc contingency)	$70,000
Trunk connection costs	$300,000
Promotion per lot	$2,000
Development contribution per additional lot	$24,069
Development and realisation period (yrs)	2.00
Interest Rate	5.00%

Description - 1 Stage			Calculations
Section Sales	50	$300,000	$15,000,000
Total Section Sales	50		**$15,000,000**
■ Less GST			$1,956,522
Net Realisation			**$13,043,478**
Less Costs of Sales			
■ Legal	50	$50,000	
■ Commissions	50	$450,000	$500,000
Net Realisation			**$12,543,478**
Less Profit & Risk on Outlay		20.00%	$2,090,580
Outlay			**$10,452,899**
Less Development Costs			
■ Direct development	50	$3,500,000	
■ Trunk connection costs		$300,000	
■ Affordable homes levy		$326,087	
■ Interest		$522,645	
■ Promotion		$100,000	
■ Development contributions		$1,179,381	$5,928,113
Residual Land Value			**$4,524,786**
Adopt – Exclusive of GST			**$4,525,000**

Stage	Total
1 Stage	$4,525,000
Total	**$4,525,000**

Greenfield - Hawea 50 Section Model

Scenario M	Inputs
Average section area (m^2)	438
Average section value (incl GST)	$300,000
Number sections	50
Council Affordable Housing Levy	5.0%
Legal per lot	$1,000
Sales commissions	3.0%
Profit and risk	20.0%
Direct development costs per lot (inc contingency)	$70,000
Trunk connection costs	$300,000
Promotion per lot	$2,000
Development contribution per additional lot	$24,069
Development and realisation period (yrs)	2.00
Interest Rate	5.00%

Description - 1 Stage			Calculations
Section Sales	50	$300,000	$15,000,000
Total Section Sales	50		**$15,000,000**
■ Less GST			$1,956,522
Net Realisation			**$13,043,478**
Less Costs of Sales			
■ Legal	50	$50,000	
■ Commissions	50	$450,000	$500,000
Net Realisation			**$12,543,478**
Less Profit & Risk on Outlay		20.00%	$2,090,580
Outlay			**$10,452,899**
Less Development Costs			
■ Direct development	50	$3,500,000	
■ Trunk connection costs		$300,000	
■ Affordable homes levy		$652,174	
■ Interest		$522,645	
■ Promotion		$100,000	
■ Development contributions		$1,179,381	$6,254,200
Residual Land Value			**$4,198,699**
Adopt – Exclusive of GST			**$4,199,000**

Stage	Total
1 Stage	$4,199,000
Total	**$4,199,000**

Greenfield - Hawea 50 Section Model

Scenario N	Inputs
Average section area (m^2)	438
Average section value (incl GST)	$300,000
Number sections	50
Council Affordable Housing Levy	7.5%
Legal per lot	$1,000
Sales commissions	3.0%
Profit and risk	20.0%
Direct development costs per lot (inc contingency)	$70,000
Trunk connection costs	$300,000
Promotion per lot	$2,000
Development contribution per additional lot	$24,069
Development and realisation period (yrs)	2.00
Interest Rate	5.00%

Description - 1 Stage			Calculations
Section Sales	50	$300,000	$15,000,000
Total Section Sales	50		**$15,000,000**
■ Less GST			$1,956,522
Net Realisation			**$13,043,478**
Less Costs of Sales			
■ Legal	50	$50,000	
■ Commissions	50	$450,000	$500,000
Net Realisation			**$12,543,478**
Less Profit & Risk on Outlay		20.00%	$2,090,580
Outlay			**$10,452,899**
Less Development Costs			
■ Direct development	50	$3,500,000	
■ Trunk connection costs		$300,000	
■ Affordable homes levy		$978,261	
■ Interest		$522,645	
■ Promotion		$100,000	
■ Development contributions		$1,179,381	$6,580,287
Residual Land Value			**$3,872,612**
Adopt – Exclusive of GST			**$3,873,000**

Stage	Total
1 Stage	$3,873,000
Total	**$3,873,000**

Greenfield - Hawea 50 Section Model

Scenario O	Inputs
Average section area (m^2)	438
Average section value (incl GST)	$300,000
Number sections	50
Council Affordable Housing Levy	10.0%
Legal per lot	$1,000
Sales commissions	3.0%
Profit and risk	20.0%
Direct development costs per lot (inc contingency)	$70,000
Trunk connection costs	$300,000
Promotion per lot	$2,000
Development contribution per additional lot	$24,069
Development and realisation period (yrs)	2.00
Interest Rate	5.00%

Description - 1 Stage			Calculations
Section Sales	50	$300,000	$15,000,000
Total Section Sales	50		**$15,000,000**
■ Less GST			$1,956,522
Net Realisation			**$13,043,478**
Less Costs of Sales			
■ Legal	50	$50,000	
■ Commissions	50	$450,000	$500,000
Net Realisation			**$12,543,478**
Less Profit & Risk on Outlay		20.00%	$2,090,580
Outlay			**$10,452,899**
Less Development Costs			
■ Direct development	50	$3,500,000	
■ Trunk connection costs		$300,000	
■ Affordable homes levy		$1,304,348	
■ Interest		$522,645	
■ Promotion		$100,000	
■ Development contributions		$1,179,381	$6,906,374
Residual Land Value			**$3,546,525**
Adopt – Exclusive of GST			**$3,547,000**

Stage	Total
1 Stage	$3,547,000
Total	**$3,547,000**

APPENDIX C

HAWEA 200 SECTION MODEL - HYPOTHETICAL SUBDIVISION METHOD WORKSHEETS

Greenfield - Hawea 200 Section Model

Scenario A				Inputs
Average section area (m²)				438
Average section value (incl GST)				$300,000
Number sections				200
Staging (pre Council sections)	Stage 1	Stage 2	Stage 3	Total
Total (not considering Council gifted sections)	67	67	66	200
Council Affordable Housing Levy				0.0%
Staging (Council's gift sections)	Stage 1	Stage 2	Stage 3	
Total	0	0	0	0
Staging	Stage 1	Stage 2	Stage 3	Total
Total (considering Council gifted sections)	67	67	66	200
Legal per lot				$1,000
Sales commissions				3.00%
Profit and risk				25.00%
Direct development costs per lot (inc contingency)				$65,000
Trunk connection costs				$1,000,000
Promotion per lot				$2,000
Development contribution per additional lot				$24,069
Staging	Stage 1	Stage 2	Stage 3	Total
Development and realisation period (yrs)	2.50	2.50	3.00	7.00
Deferment (yrs)	0.00	2.00	4.00	
Interest Rate				5.00%

Description - Stage 1			Calculations
Section Sales	67	$300,000	$20,100,000
Total Section Sales			**$20,100,000**
▪ Less GST			$2,621,739
Net Realisation			**$17,478,261**
Less Costs of Sales			
▪ Legal	67	$67,000	
▪ Commissions	67	$603,000	$670,000
Net Realisation			**$16,808,261**
Less Profit & Risk on Outlay		25.00%	$3,361,652
Outlay			**$13,446,609**
Less Development Costs			
▪ Direct development	67	$4,355,000	
▪ Trunk connection costs		$1,000,000	
▪ Interest		$840,413	
▪ Promotion		$134,000	
▪ Development contributions		$1,588,554	$7,917,967
Residual Land Value			**$5,528,642**
Adopt – Exclusive of GST			**$5,529,000**

Description - Stage 2				Calculations
Section Sales		67	$300,000	$20,100,000
Total Section Sales				**$20,100,000**
■ Less GST				$2,621,739
Net Realisation				**$17,478,261**
Less Costs of Sales				
■ Legal		67	$67,000	
■ Commissions		67	$603,000	$670,000
Net Realisation				**$16,808,261**
Less Profit & Risk on Outlay			25.00%	$3,361,652
Outlay				**$13,446,609**
Less Development Costs				
■ Direct development		67	$4,355,000	
■ Trunk connection costs			$0	
■ Interest			$840,413	
■ Promotion			$134,000	
■ Development contributions			$1,612,623	$6,942,036
Residual Land Value				**$6,504,573**
Deferred	2.00 yrs	@	5.00%	$5,899,839
Adopt – Exclusive of GST				**$5,900,000**

Description - Stage 3				Calculations
Section Sales		66	$300,000	$19,800,000
Total Section Sales				**$19,800,000**
■ Less GST				$2,582,609
Net Realisation				**$17,217,391**
Less Costs of Sales				
■ Legal		66	$66,000	
■ Commissions		66	$594,000	$660,000
Net Realisation				**$16,557,391**
Less Profit & Risk on Outlay			25.00%	$3,311,478
Outlay				**$13,245,913**
Less Development Costs				
■ Direct development		66	$4,290,000	
■ Trunk connection costs			$0	
■ Interest			$993,443	
■ Promotion			$132,000	
■ Development contributions			$1,588,554	$7,003,997
Residual Land Value				**$6,241,916**
Deferred	4.00 yrs	@	5.00%	$5,135,239
Adopt – Exclusive of GST				**$5,135,000**

Stage	Total
Stage 1	$5,529,000
Stage 2	$5,900,000
Stage 3	$5,135,000
Total	**$16,564,000**

Greenfield - Hawea 200 Section Model

Scenario B				**Inputs**
Average section area (m²)				438
Average section value (incl GST)				$300,000
Number sections				200
Staging (pre Council sections)	Stage 1	Stage 2	Stage 3	Total
Total (not considering Council gifted sections)	67	67	66	200
Council Affordable Housing Levy				5.0%
Staging (Council's gift sections)	Stage 1	Stage 2	Stage 3	
Total	4	4	4	12
Staging	Stage 1	Stage 2	Stage 3	Total
Total (considering Council gifted sections)	63	63	62	188
Legal per lot				$1,000
Sales commissions				3.00%
Profit and risk				25.00%
Direct development costs per lot (inc contingency)				$65,000
Trunk connection costs				$1,000,000
Promotion per lot				$2,000
Development contribution per additional lot				$24,069
Staging	Stage 1	Stage 2	Stage 3	Total
Development and realisation period (yrs)	2.50	2.50	3.00	7.00
Deferment (yrs)	0.00	2.00	4.00	
Interest Rate				5.00%

Description - Stage 1			**Calculations**
Section Sales	63	$300,000	$18,900,000
Total Section Sales			**$18,900,000**
■ Less GST			$2,465,217
Net Realisation			**$16,434,783**
Less Costs of Sales			
■ Legal	63	$63,000	
■ Commissions	63	$567,000	$630,000
Net Realisation			**$15,804,783**
Less Profit & Risk on Outlay		25.00%	$3,160,957
Outlay			**$12,643,826**
Less Development Costs			
■ Direct development	67	$4,355,000	
■ Trunk connection costs		$1,000,000	
■ Interest		$790,239	
■ Promotion		$126,000	
■ Development contributions		$1,492,278	$7,763,517
Residual Land Value			**$4,880,309**
Adopt – Exclusive of GST			**$4,880,000**

Description - Stage 2					Calculations
Section Sales			63	$300,000	$18,900,000
Total Section Sales					**$18,900,000**
■ Less GST					$2,465,217
Net Realisation					**$16,434,783**
Less Costs of Sales					
■ Legal			63	$63,000	
■ Commissions			63	$567,000	$630,000
Net Realisation					**$15,804,783**
Less Profit & Risk on Outlay				25.00%	$3,160,957
Outlay					**$12,643,826**
Less Development Costs					
■ Direct development			67	$4,355,000	
■ Trunk connection costs				$0	
■ Interest				$790,239	
■ Promotion				$126,000	
■ Development contributions				$1,516,347	$6,787,586
Residual Land Value					**$5,856,240**
Deferred	2.00 yrs	@		5.00%	$5,311,782
Adopt – Exclusive of GST					**$5,312,000**

Description - Stage 3					Calculations
Section Sales			62	$300,000	$18,600,000
Total Section Sales					**$18,600,000**
■ Less GST					$2,426,087
Net Realisation					**$16,173,913**
Less Costs of Sales					
■ Legal			62	$62,000	
■ Commissions			62	$558,000	$620,000
Net Realisation					**$15,553,913**
Less Profit & Risk on Outlay				25.00%	$3,110,783
Outlay					**$12,443,130**
Less Development Costs					
■ Direct development			66	$4,290,000	
■ Trunk connection costs				$0	
■ Interest				$933,235	
■ Promotion				$124,000	
■ Development contributions				$1,492,278	$6,839,513
Residual Land Value					**$5,603,618**
Deferred	4.00 yrs	@		5.00%	$4,610,110
Adopt – Exclusive of GST					**$4,610,000**

Stage	Total
Stage 1	$4,880,000
Stage 2	$5,312,000
Stage 3	$4,610,000
Total	**$14,802,000**

Greenfield - Hawea 200 Section Model

Scenario C				**Inputs**
Average section area (m²)				438
Average section value (incl GST)				$300,000
Number sections				200
Staging (pre Council sections)	Stage 1	Stage 2	Stage 3	Total
Total (not considering Council gifted sections)	67	67	66	200
Council Affordable Housing Levy				10.0%
Staging (Council's gift sections)	Stage 1	Stage 2	Stage 3	
Total	7	7	7	21
Staging	Stage 1	Stage 2	Stage 3	Total
Total (considering Council gifted sections)	60	60	59	179
Legal per lot				$1,000
Sales commissions				3.00%
Profit and risk				25.00%
Direct development costs per lot (inc contingency)				$65,000
Trunk connection costs				$1,000,000
Promotion per lot				$2,000
Development contribution per additional lot				$24,069
Staging	Stage 1	Stage 2	Stage 3	Total
Development and realisation period (yrs)	2.50	2.50	3.00	7.00
Deferment (yrs)	0.00	2.00	4.00	
Interest Rate				5.00%

Description - Stage 1			**Calculations**
Section Sales	60	$300,000	$18,000,000
Total Section Sales			**$18,000,000**
▪ Less GST			$2,347,826
Net Realisation			**$15,652,174**
Less Costs of Sales			
▪ Legal	60	$60,000	
▪ Commissions	60	$540,000	$600,000
Net Realisation			**$15,052,174**
Less Profit & Risk on Outlay		25.00%	$3,010,435
Outlay			**$12,041,739**
Less Development Costs			
▪ Direct development	67	$4,355,000	
▪ Trunk connection costs		$1,000,000	
▪ Interest		$752,609	
▪ Promotion		$120,000	
▪ Development contributions		$1,420,071	$7,647,680
Residual Land Value			**$4,394,059**
Adopt – Exclusive of GST			**$4,394,000**

Description - Stage 2				Calculations
Section Sales		60	$300,000	$18,000,000
Total Section Sales				**$18,000,000**
■ Less GST				$2,347,826
Net Realisation				**$15,652,174**
Less Costs of Sales				
■ Legal		60	$60,000	
■ Commissions		60	$540,000	$600,000
Net Realisation				**$15,052,174**
Less Profit & Risk on Outlay			25.00%	$3,010,435
Outlay				**$12,041,739**
Less Development Costs				
■ Direct development		67	$4,355,000	
■ Trunk connection costs			$0	
■ Interest			$752,609	
■ Promotion			$120,000	
■ Development contributions			$1,444,140	$6,671,749
Residual Land Value				**$5,369,990**
Deferred	2.00 yrs	@	5.00%	$4,870,740
Adopt – Exclusive of GST				**$4,871,000**

Description - Stage 3				Calculations
Section Sales		59	$300,000	$17,700,000
Total Section Sales				**$17,700,000**
■ Less GST				$2,308,696
Net Realisation				**$15,391,304**
Less Costs of Sales				
■ Legal		59	$59,000	
■ Commissions		59	$531,000	$590,000
Net Realisation				**$14,801,304**
Less Profit & Risk on Outlay			25.00%	$2,960,261
Outlay				**$11,841,043**
Less Development Costs				
■ Direct development		66	$4,290,000	
■ Trunk connection costs			$0	
■ Interest			$888,078	
■ Promotion			$118,000	
■ Development contributions			$1,420,071	$6,716,149
Residual Land Value				**$5,124,894**
Deferred	4.00 yrs	@	5.00%	$4,216,263
Adopt – Exclusive of GST				**$4,216,000**

Stage	Total
Stage 1	$4,394,000
Stage 2	$4,871,000
Stage 3	$4,216,000
Total	**$13,481,000**

Greenfield - Hawea 200 Section Model

Scenario D				**Inputs**
Average section area (m²)				438
Average section value (incl GST)				$300,000
Number sections				200
Staging (pre Council sections)	Stage 1	Stage 2	Stage 3	Total
Total (not considering Council gifted sections)	67	67	66	200
Council Affordable Housing Levy				15.0%
Staging (Council's gift sections)	Stage 1	Stage 2	Stage 3	
Total	11	11	10	32
Staging	Stage 1	Stage 2	Stage 3	Total
Total (considering Council gifted sections)	56	56	56	168
Legal per lot				$1,000
Sales commissions				3.00%
Profit and risk				25.00%
Direct development costs per lot (inc contingency)				$65,000
Trunk connection costs				$1,000,000
Promotion per lot				$2,000
Development contribution per additional lot				$24,069
Staging	Stage 1	Stage 2	Stage 3	Total
Development and realisation period (yrs)	2.50	2.50	3.00	7.00
Deferment (yrs)	0.00	2.00	4.00	
Interest Rate				5.00%

Description - Stage 1			**Calculations**
Section Sales	56	$300,000	$16,800,000
Total Section Sales			**$16,800,000**
■ Less GST			$2,191,304
Net Realisation			**$14,608,696**
Less Costs of Sales			
■ Legal	56	$56,000	
■ Commissions	56	$504,000	$560,000
Net Realisation			**$14,048,696**
Less Profit & Risk on Outlay		25.00%	$2,809,739
Outlay			**$11,238,957**
Less Development Costs			
■ Direct development	67	$4,355,000	
■ Trunk connection costs		$1,000,000	
■ Interest		$702,435	
■ Promotion		$112,000	
■ Development contributions		$1,323,795	$7,493,230
Residual Land Value			**$3,745,727**
Adopt – Exclusive of GST			**$3,746,000**

Description - Stage 2				Calculations
Section Sales		56	$300,000	$16,800,000
Total Section Sales				**$16,800,000**
■ Less GST				$2,191,304
Net Realisation				**$14,608,696**
Less Costs of Sales				
■ Legal		56	$56,000	
■ Commissions		56	$504,000	$560,000
Net Realisation				**$14,048,696**
Less Profit & Risk on Outlay			25.00%	$2,809,739
Outlay				**$11,238,957**
Less Development Costs				
■ Direct development		67	$4,355,000	
■ Trunk connection costs			$0	
■ Interest			$702,435	
■ Promotion			$112,000	
■ Development contributions			$1,347,864	$6,517,299
Residual Land Value				**$4,721,658**
Deferred	2.00 yrs	@	5.00%	$4,282,683
Adopt – Exclusive of GST				**$4,283,000**

Description - Stage 3				Calculations
Section Sales		56	$300,000	$16,800,000
Total Section Sales				**$16,800,000**
■ Less GST				$2,191,304
Net Realisation				**$14,608,696**
Less Costs of Sales				
■ Legal		56	$56,000	
■ Commissions		56	$504,000	$560,000
Net Realisation				**$14,048,696**
Less Profit & Risk on Outlay			25.00%	$2,809,739
Outlay				**$11,238,957**
Less Development Costs				
■ Direct development		66	$4,290,000	
■ Trunk connection costs			$0	
■ Interest			$842,922	
■ Promotion			$112,000	
■ Development contributions			$1,347,864	$6,592,786
Residual Land Value				**$4,646,171**
Deferred	4.00 yrs	@	5.00%	$3,822,416
Adopt – Exclusive of GST				**$3,822,000**

Stage	Total
Stage 1	$3,746,000
Stage 2	$4,283,000
Stage 3	$3,822,000
Total	**$11,851,000**

Greenfield - Hawea 200 Section Model

Scenario E				**Inputs**
Average section area (m²)				438
Average section value (incl GST)				$300,000
Number sections				200
Staging (pre Council sections)	Stage 1	Stage 2	Stage 3	Total
Total (not considering Council gifted sections)	67	67	66	200
Council Affordable Housing Levy				20.0%
Staging (Council's gift sections)	Stage 1	Stage 2	Stage 3	
Total	14	14	14	42
Staging	Stage 1	Stage 2	Stage 3	Total
Total (considering Council gifted sections)	53	53	52	158
Legal per lot				$1,000
Sales commissions				3.00%
Profit and risk				25.00%
Direct development costs per lot (inc contingency)				$65,000
Trunk connection costs				$1,000,000
Promotion per lot				$2,000
Development contribution per additional lot				$24,069
Staging	Stage 1	Stage 2	Stage 3	Total
Development and realisation period (yrs)	2.50	2.50	3.00	7.00
Deferment (yrs)	0.00	2.00	4.00	
Interest Rate				5.00%

Description - Stage 1			**Calculations**
Section Sales	53	$300,000	$15,900,000
Total Section Sales			**$15,900,000**
■ Less GST			$2,073,913
Net Realisation			**$13,826,087**
Less Costs of Sales			
■ Legal	53	$53,000	
■ Commissions	53	$477,000	$530,000
Net Realisation			**$13,296,087**
Less Profit & Risk on Outlay		25.00%	$2,659,217
Outlay			**$10,636,870**
Less Development Costs			
■ Direct development	67	$4,355,000	
■ Trunk connection costs		$1,000,000	
■ Interest		$664,804	
■ Promotion		$106,000	
■ Development contributions		$1,251,588	$7,377,392
Residual Land Value			**$3,259,477**
Adopt – Exclusive of GST			**$3,259,000**

Description - Stage 2				Calculations
Section Sales		53	$300,000	$15,900,000
Total Section Sales				**$15,900,000**
■ Less GST				$2,073,913
Net Realisation				**$13,826,087**
Less Costs of Sales				
■ Legal		53	$53,000	
■ Commissions		53	$477,000	$530,000
Net Realisation				**$13,296,087**
Less Profit & Risk on Outlay			25.00%	$2,659,217
Outlay				**$10,636,870**
Less Development Costs				
■ Direct development		67	$4,355,000	
■ Trunk connection costs			$0	
■ Interest			$664,804	
■ Promotion			$106,000	
■ Development contributions			$1,275,657	$6,401,461
Residual Land Value				**$4,235,408**
Deferred	2.00 yrs	@	5.00%	$3,841,640
Adopt – Exclusive of GST				**$3,842,000**

Description - Stage 3				Calculations
Section Sales		52	$300,000	$15,600,000
Total Section Sales				**$15,600,000**
■ Less GST				$2,034,783
Net Realisation				**$13,565,217**
Less Costs of Sales				
■ Legal		52	$52,000	
■ Commissions		52	$468,000	$520,000
Net Realisation				**$13,045,217**
Less Profit & Risk on Outlay			25.00%	$2,609,043
Outlay				**$10,436,174**
Less Development Costs				
■ Direct development		66	$4,290,000	
■ Trunk connection costs			$0	
■ Interest			$782,713	
■ Promotion			$104,000	
■ Development contributions			$1,251,588	$6,428,301
Residual Land Value				**$4,007,873**
Deferred	4.00 yrs	@	5.00%	$3,297,287
Adopt – Exclusive of GST				**$3,297,000**

Stage	Total
Stage 1	$3,259,000
Stage 2	$3,842,000
Stage 3	$3,297,000
Total	**$10,398,000**

Greenfield - Hawea 200 Section Model

Scenario F				**Inputs**
Average section area (m²)				438
Average section value (incl GST)				$300,000
Number sections				200
Staging	Stage 1	Stage 2	Stage 3	Total
Total (not considering discounted sections)	67	67	66	200
Council Affordable Housing Levy				0.0%
Staging (discounted sections)	Stage 1	Stage 2	Stage 3	
Total	0	0	0	0
Staging	Stage 1	Stage 2	Stage 3	Total
Total (non-discounted sections)	67	67	66	200
Discounted section value				$240,000
Legal per lot				$1,000
Sales commissions				3.00%
Profit and risk				25.00%
Direct development costs per lot (inc contingency)				$65,000
Trunk connection costs				$1,000,000
Promotion per lot				$2,000
Development contribution per additional lot				$24,069
Staging	Stage 1	Stage 2	Stage 3	Total
Development and realisation period (yrs)	2.50	2.50	3.00	7.00
Deferment (yrs)	0.00	2.00	4.00	
Interest Rate				5.00%

Description - Stage 1				Calculations
Section Sales		67	$300,000	$20,100,000
Discounted Section Sales		0	$240,000	$0
Total Section Sales		67		**$20,100,000**
▪ Less GST				$2,621,739
Net Realisation				**$17,478,261**
Less Costs of Sales				
▪ Legal		67	$67,000	
▪ Commissions		67	$603,000	$670,000
Net Realisation				**$16,808,261**
Less Profit & Risk on Outlay			25.00%	$3,361,652
Outlay				**$13,446,609**
Less Development Costs				
▪ Direct development		67	$4,355,000	
▪ Trunk connection costs			$1,000,000	
▪ Interest			$840,413	
▪ Promotion			$134,000	
▪ Development contributions			$1,588,554	$7,917,967
Residual Land Value				**$5,528,642**
Adopt – Exclusive of GST				**$5,529,000**

Description - Stage 2				Calculations
Section Sales		67	$300,000	$20,100,000
Discounted Section Sales		0	$240,000	$0
Total Section Sales		67		**$20,100,000**
▪ Less GST				$2,621,739
Net Realisation				**$17,478,261**
Less Costs of Sales				
▪ Legal		67	$67,000	
▪ Commissions		67	$603,000	$670,000
Net Realisation				**$16,808,261**
Less Profit & Risk on Outlay			25.00%	$3,361,652
Outlay				**$13,446,609**
Less Development Costs				
▪ Direct development		67	$4,355,000	
▪ Trunk connection costs			$0	
▪ Interest			$840,413	
▪ Promotion			$134,000	
▪ Development contributions			$1,612,623	$6,942,036
Residual Land Value				**$6,504,573**
Deferred	2.00 yrs	@	5.00%	$5,899,839
Adopt – Exclusive of GST				**$5,900,000**

Description - Stage 3				Calculations
Section Sales		66	$300,000	$19,800,000
Discounted Section Sales		0	$240,000	$0
Total Section Sales		66		**$19,800,000**
■ Less GST				$2,582,609
Net Realisation				**$17,217,391**
Less Costs of Sales				
■ Legal		66	$66,000	
■ Commissions		66	$594,000	$660,000
Net Realisation				**$16,557,391**
Less Profit & Risk on Outlay			25.00%	$3,311,478
Outlay				**$13,245,913**
Less Development Costs				
■ Direct development		66	$4,290,000	
■ Trunk connection costs			$0	
■ Interest			$993,443	
■ Promotion			$132,000	
■ Development contributions			$1,588,554	$7,003,997
Residual Land Value				**$6,241,916**
Deferred	4.00 yrs	@	5.00%	$5,135,239
Adopt – Exclusive of GST				**$5,135,000**

Stage	Total
Stage 1	$5,529,000
Stage 2	$5,900,000
Stage 3	$5,135,000
Total	**$16,564,000**

Greenfield - Hawea 200 Section Model

Scenario G				Inputs
Average section area (m²)				438
Average section value (incl GST)				$300,000
Number sections				200
Staging	Stage 1	Stage 2	Stage 3	Total
Total (not considering discounted sections)	67	67	66	200
Council Affordable Housing Levy				5.0%
Staging (discounted sections)	Stage 1	Stage 2	Stage 3	
Total	4	4	4	12
Staging	Stage 1	Stage 2	Stage 3	Total
Total (non-discounted sections)	63	63	62	188
Discounted section value				$240,000
Legal per lot				$1,000
Sales commissions				3.00%
Profit and risk				25.00%
Direct development costs per lot (inc contingency)				$65,000
Trunk connection costs				$1,000,000
Promotion per lot				$2,000
Development contribution per additional lot				$24,069
Staging	Stage 1	Stage 2	Stage 3	Total
Development and realisation period (yrs)	2.50	2.50	3.00	7.00
Deferment (yrs)	0.00	2.00	4.00	
Interest Rate				5.00%

Description - Stage 1				Calculations
Section Sales		63	$300,000	$18,900,000
Discounted Section Sales		4	$240,000	$960,000
Total Section Sales		67		**$19,860,000**
■ Less GST				$2,590,435
Net Realisation				**$17,269,565**
Less Costs of Sales				
■ Legal		67	$67,000	
■ Commissions		67	$595,800	$662,800
Net Realisation				**$16,606,765**
Less Profit & Risk on Outlay			25.00%	$3,321,353
Outlay				**$13,285,412**
Less Development Costs				
■ Direct development		67	$4,355,000	
■ Trunk connection costs			$1,000,000	
■ Interest			$830,338	
■ Promotion			$134,000	
■ Development contributions			$1,588,554	$7,907,892
Residual Land Value				**$5,377,520**
Adopt – Exclusive of GST				**$5,378,000**

Description - Stage 2				Calculations
Section Sales		63	$300,000	$18,900,000
Discounted Section Sales		4	$240,000	$960,000
Total Section Sales		67		**$19,860,000**
■ Less GST				$2,590,435
Net Realisation				**$17,269,565**
Less Costs of Sales				
■ Legal		67	$67,000	
■ Commissions		67	$595,800	$662,800
Net Realisation				**$16,606,765**
Less Profit & Risk on Outlay			25.00%	$3,321,353
Outlay				**$13,285,412**
Less Development Costs				
■ Direct development		67	$4,355,000	
■ Trunk connection costs			$0	
■ Interest			$830,338	
■ Promotion			$134,000	
■ Development contributions			$1,612,623	$6,931,961
Residual Land Value				**$6,353,451**
Deferred	2.00 yrs	@	5.00%	$5,762,767
Adopt – Exclusive of GST				**$5,763,000**

Description - Stage 3				Calculations
Section Sales		62	$300,000	$18,600,000
Discounted Section Sales		4	$240,000	$960,000
Total Section Sales		66		**$19,560,000**
▪ Less GST				$2,551,304
Net Realisation				**$17,008,696**
Less Costs of Sales				
▪ Legal		66	$66,000	
▪ Commissions		66	$586,800	$652,800
Net Realisation				**$16,355,896**
Less Profit & Risk on Outlay			25.00%	$3,271,179
Outlay				**$13,084,717**
Less Development Costs				
▪ Direct development		66	$4,290,000	
▪ Trunk connection costs			$0	
▪ Interest			$981,354	
▪ Promotion			$132,000	
▪ Development contributions			$1,588,554	$6,991,908
Residual Land Value				**$6,092,809**
Deferred	4.00 yrs	@	5.00%	$5,012,569
Adopt – Exclusive of GST				**$5,013,000**

Stage	Total
Stage 1	$5,378,000
Stage 2	$5,763,000
Stage 3	$5,013,000
Total	**$16,154,000**

Greenfield - Hawea 200 Section Model

Scenario H				**Inputs**
Average section area (m^2)				438
Average section value (incl GST)				$300,000
Number sections				200
Staging	Stage 1	Stage 2	Stage 3	Total
Total (not considering discounted sections)	67	67	66	200
Council Affordable Housing Levy				10.0%
Staging (discounted sections)	Stage 1	Stage 2	Stage 3	
Total	7	7	7	21
Staging	Stage 1	Stage 2	Stage 3	Total
Total (non-discounted sections)	60	60	59	179
Discounted section value				$240,000
Legal per lot				$1,000
Sales commissions				3.00%
Profit and risk				25.00%
Direct development costs per lot (inc contingency)				$65,000
Trunk connection costs				$1,000,000
Promotion per lot				$2,000
Development contribution per additional lot				$24,069
Staging	Stage 1	Stage 2	Stage 3	Total
Development and realisation period (yrs)	2.50	2.50	3.00	7.00
Deferment (yrs)	0.00	2.00	4.00	
Interest Rate				5.00%

Description - Stage 1				**Calculations**
Section Sales		60	$300,000	$18,000,000
Discounted Section Sales		7	$240,000	$1,680,000
Total Section Sales		67		**$19,680,000**
■ Less GST				$2,566,957
Net Realisation				**$17,113,043**
Less Costs of Sales				
■ Legal		67	$67,000	
■ Commissions		67	$590,400	$657,400
Net Realisation				**$16,455,643**
Less Profit & Risk on Outlay			25.00%	$3,291,129
Outlay				**$13,164,515**
Less Development Costs				
■ Direct development		67	$4,355,000	
■ Trunk connection costs			$1,000,000	
■ Interest			$822,782	
■ Promotion			$134,000	
■ Development contributions			$1,588,554	$7,900,336
Residual Land Value				**$5,264,179**
Adopt – Exclusive of GST				**$5,264,000**

Description - Stage 2				**Calculations**
Section Sales		60	$300,000	$18,000,000
Discounted Section Sales		7	$240,000	$1,680,000
Total Section Sales		67		**$19,680,000**
■ Less GST				$2,566,957
Net Realisation				**$17,113,043**
Less Costs of Sales				
■ Legal		67	$67,000	
■ Commissions		67	$590,400	$657,400
Net Realisation				**$16,455,643**
Less Profit & Risk on Outlay			25.00%	$3,291,129
Outlay				**$13,164,515**
Less Development Costs				
■ Direct development		67	$4,355,000	
■ Trunk connection costs			$0	
■ Interest			$822,782	
■ Promotion			$134,000	
■ Development contributions			$1,612,623	$6,924,405
Residual Land Value				**$6,240,110**
Deferred	2.00 yrs	@	5.00%	$5,659,963
Adopt – Exclusive of GST				**$5,660,000**

Description - Stage 3				Calculations
Section Sales		59	$300,000	$17,700,000
Discounted Section Sales		7	$240,000	$1,680,000
Total Section Sales		66		**$19,380,000**
■ Less GST				$2,527,826
Net Realisation				**$16,852,174**
Less Costs of Sales				
■ Legal		66	$66,000	
■ Commissions		66	$581,400	$647,400
Net Realisation				**$16,204,774**
Less Profit & Risk on Outlay			25.00%	$3,240,955
Outlay				**$12,963,819**
Less Development Costs				
■ Direct development		66	$4,290,000	
■ Trunk connection costs			$0	
■ Interest			$972,286	
■ Promotion			$132,000	
■ Development contributions			$1,588,554	$6,982,840
Residual Land Value				**$5,980,979**
Deferred	4.00 yrs	@	5.00%	$4,920,566
Adopt – Exclusive of GST				**$4,921,000**

Stage	Total
Stage 1	$5,264,000
Stage 2	$5,660,000
Stage 3	$4,921,000
Total	**$15,845,000**

Greenfield - Hawea 200 Section Model

Scenario I				Inputs
Average section area (m²)				438
Average section value (incl GST)				$300,000
Number sections				200
Staging	Stage 1	Stage 2	Stage 3	Total
Total (not considering discounted sections)	67	67	66	200
Council Affordable Housing Levy				15.0%
Staging (discounted sections)	Stage 1	Stage 2	Stage 3	
Total	11	11	10	32
Staging	Stage 1	Stage 2	Stage 3	Total
Total (non-discounted sections)	56	56	56	168
Discounted section value				$240,000
Legal per lot				$1,000
Sales commissions				3.00%
Profit and risk				25.00%
Direct development costs per lot (inc contingency)				$65,000
Trunk connection costs				$1,000,000
Promotion per lot				$2,000
Development contribution per additional lot				$24,069
Staging	Stage 1	Stage 2	Stage 3	Total
Development and realisation period (yrs)	2.50	2.50	3.00	7.00
Deferment (yrs)	0.00	2.00	4.00	
Interest Rate				5.00%

Description - Stage 1				Calculations
Section Sales		56	$300,000	$16,800,000
Discounted Section Sales		11	$240,000	$2,640,000
Total Section Sales		67		**$19,440,000**
■ Less GST				$2,535,652
Net Realisation				**$16,904,348**
Less Costs of Sales				
■ Legal		67	$67,000	
■ Commissions		67	$583,200	$650,200
Net Realisation				**$16,254,148**
Less Profit & Risk on Outlay			25.00%	$3,250,830
Outlay				**$13,003,318**
Less Development Costs				
■ Direct development		67	$4,355,000	
■ Trunk connection costs			$1,000,000	
■ Interest			$812,707	
■ Promotion			$134,000	
■ Development contributions			$1,588,554	$7,890,261
Residual Land Value				**$5,113,057**
Adopt – Exclusive of GST				**$5,113,000**

Description - Stage 2				Calculations
Section Sales		56	$300,000	$16,800,000
Discounted Section Sales		11	$240,000	$2,640,000
Total Section Sales		67		**$19,440,000**
■ Less GST				$2,535,652
Net Realisation				**$16,904,348**
Less Costs of Sales				
■ Legal		67	$67,000	
■ Commissions		67	$583,200	$650,200
Net Realisation				**$16,254,148**
Less Profit & Risk on Outlay			25.00%	$3,250,830
Outlay				**$13,003,318**
Less Development Costs				
■ Direct development		67	$4,355,000	
■ Trunk connection costs			$0	
■ Interest			$812,707	
■ Promotion			$134,000	
■ Development contributions			$1,612,623	$6,914,330
Residual Land Value				**$6,088,988**
Deferred	2.00 yrs	@	5.00%	$5,522,891
Adopt – Exclusive of GST				**$5,523,000**

Description - Stage 3				Calculations
Section Sales		56	$300,000	$16,800,000
Discounted Section Sales		10	$240,000	$2,400,000
Total Section Sales		66		**$19,200,000**
■ Less GST				$2,504,348
Net Realisation				**$16,695,652**
Less Costs of Sales				
■ Legal		66	$66,000	
■ Commissions		66	$576,000	$642,000
Net Realisation				**$16,053,652**
Less Profit & Risk on Outlay			25.00%	$3,210,730
Outlay				**$12,842,922**
Less Development Costs				
■ Direct development		66	$4,290,000	
■ Trunk connection costs			$0	
■ Interest			$963,219	
■ Promotion			$132,000	
■ Development contributions			$1,588,554	$6,973,773
Residual Land Value				**$5,869,149**
Deferred	4.00 yrs	@	5.00%	$4,828,563
Adopt – Exclusive of GST				**$4,829,000**

Stage	Total
Stage 1	$5,113,000
Stage 2	$5,523,000
Stage 3	$4,829,000
Total	**$15,465,000**

Greenfield - Hawea 200 Section Model

Scenario J				Inputs
Average section area (m^2)				438
Average section value (incl GST)				$300,000
Number sections				200
Staging	Stage 1	Stage 2	Stage 3	Total
Total (not considering discounted sections)	67	67	66	200
Council Affordable Housing Levy				20.0%
Staging (discounted sections)	Stage 1	Stage 2	Stage 3	
Total	14	14	14	42
Staging	Stage 1	Stage 2	Stage 3	Total
Total (non-discounted sections)	53	53	52	158
Discounted section value				$240,000
Legal per lot				$1,000
Sales commissions				3.00%
Profit and risk				25.00%
Direct development costs per lot (inc contingency)				$65,000
Trunk connection costs				$1,000,000
Promotion per lot				$2,000
Development contribution per additional lot				$24,069
Staging	Stage 1	Stage 2	Stage 3	Total
Development and realisation period (yrs)	2.50	2.50	3.00	7.00
Deferment (yrs)	0.00	2.00	4.00	
Interest Rate				5.00%

Description - Stage 1			Calculations
Section Sales	53	$300,000	$15,900,000
Discounted Section Sales	14	$240,000	$3,360,000
Total Section Sales	67		**$19,260,000**
■ Less GST			$2,512,174
Net Realisation			**$16,747,826**
Less Costs of Sales			
■ Legal	67	$67,000	
■ Commissions	67	$577,800	$644,800
Net Realisation			**$16,103,026**
Less Profit & Risk on Outlay		25.00%	$3,220,605
Outlay			**$12,882,421**
Less Development Costs			
■ Direct development	67	$4,355,000	
■ Trunk connection costs		$1,000,000	
■ Interest		$805,151	
■ Promotion		$134,000	
■ Development contributions		$1,588,554	$7,882,705
Residual Land Value			**$4,999,716**
Adopt – Exclusive of GST			**$5,000,000**

Description - Stage 2				Calculations
Section Sales		53	$300,000	$15,900,000
Discounted Section Sales		14	$240,000	$3,360,000
Total Section Sales		67		**$19,260,000**
■ Less GST				$2,512,174
Net Realisation				**$16,747,826**
Less Costs of Sales				
■ Legal		67	$67,000	
■ Commissions		67	$577,800	$644,800
Net Realisation				**$16,103,026**
Less Profit & Risk on Outlay			25.00%	$3,220,605
Outlay				**$12,882,421**
Less Development Costs				
■ Direct development		67	$4,355,000	
■ Trunk connection costs			$0	
■ Interest			$805,151	
■ Promotion			$134,000	
■ Development contributions			$1,612,623	$6,906,774
Residual Land Value				**$5,975,647**
Deferred	2.00 yrs	@	5.00%	$5,420,088
Adopt – Exclusive of GST				**$5,420,000**

Description - Stage 3				Calculations
Section Sales		52	$300,000	$15,600,000
Discounted Section Sales		14	$240,000	$3,360,000
Total Section Sales		66		**$18,960,000**
■ Less GST				$2,473,043
Net Realisation				**$16,486,957**
Less Costs of Sales				
■ Legal		66	$66,000	
■ Commissions		66	$568,800	$634,800
Net Realisation				**$15,852,157**
Less Profit & Risk on Outlay			25.00%	$3,170,431
Outlay				**$12,681,725**
Less Development Costs				
■ Direct development		66	$4,290,000	
■ Trunk connection costs			$0	
■ Interest			$951,129	
■ Promotion			$132,000	
■ Development contributions			$1,588,554	$6,961,683
Residual Land Value				**$5,720,042**
Deferred	4.00 yrs	@	5.00%	$4,705,893
Adopt – Exclusive of GST				**$4,706,000**

Stage	Total
Stage 1	$5,000,000
Stage 2	$5,420,000
Stage 3	$4,706,000
Total	**$15,126,000**

Greenfield - Hawea 200 Section Model

Scenario K				**Inputs**
Average section area (m²)				438
Average section value (incl GST)				$300,000
Number sections				200
Staging	Stage 1	Stage 2	Stage 3	Total
Total	67	67	66	200
Council Affordable Housing Levy				0.0%
Legal per lot				$1,000
Sales commissions				3.0%
Profit and risk				25.0%
Direct development costs per lot (inc contingency)				$65,000
Trunk connection costs				$1,000,000
Promotion per lot				$2,000
Development contribution per additional lot				$24,069
Staging	Stage 1	Stage 2	Stage 3	Total
Development and realisation period (yrs)	2.50	2.50	3.00	7.00
Deferment (yrs)	0.00	2.00	4.00	
Interest Rate				5.00%

Description - Stage 1				Calculations
Section Sales		67	$300,000	$20,100,000
Total Section Sales		67		**$20,100,000**
▪ Less GST				$2,621,739
Net Realisation				**$17,478,261**
Less Costs of Sales				
▪ Legal		67	$67,000	
▪ Commissions		67	$603,000	$670,000
Net Realisation				**$16,808,261**
Less Profit & Risk on Outlay			25.00%	$3,361,652
Outlay				**$13,446,609**
Less Development Costs				
▪ Direct development		67	$4,355,000	
▪ Trunk connection costs			$1,000,000	
▪ Affordable homes levy			$0	
▪ Interest			$840,413	
▪ Promotion			$134,000	
▪ Development contributions			$1,588,554	$7,917,967
Residual Land Value				**$5,528,642**
Adopt – Exclusive of GST				**$5,529,000**

Description - Stage 2				Calculations
Section Sales		67	$300,000	$20,100,000
Total Section Sales		67		**$20,100,000**
▪ Less GST				$2,621,739
Net Realisation				**$17,478,261**
Less Costs of Sales				
▪ Legal		67	$67,000	
▪ Commissions		67	$603,000	$670,000
Net Realisation				**$16,808,261**
Less Profit & Risk on Outlay			25.00%	$3,361,652
Outlay				**$13,446,609**
Less Development Costs				
▪ Direct development		67	$4,355,000	
▪ Trunk connection costs			$0	
▪ Affordable homes levy			$0	
▪ Interest			$840,413	
▪ Promotion			$134,000	
▪ Development contributions			$1,612,623	$6,942,036
Residual Land Value				**$6,504,573**
Deferred	2.00 yrs	@	5.00%	$5,899,839
Adopt – Exclusive of GST				**$5,900,000**

Description - Stage 3				Calculations
Section Sales		66	$300,000	$19,800,000
Total Section Sales		66		**$19,800,000**
■ Less GST				$2,582,609
Net Realisation				**$17,217,391**
Less Costs of Sales				
■ Legal		66	$66,000	
■ Commissions		66	$594,000	$660,000
Net Realisation				**$16,557,391**
Less Profit & Risk on Outlay			25.00%	$3,311,478
Outlay				**$13,245,913**
Less Development Costs				
■ Direct development		66	$4,290,000	
■ Trunk connection costs			$0	
■ Affordable homes levy			$0	
■ Interest			$993,443	
■ Promotion			$132,000	
■ Development contributions			$1,588,554	$7,003,997
Residual Land Value				**$6,241,916**
Deferred	4.00 yrs	@	5.00%	$5,135,239
Adopt – Exclusive of GST				**$5,135,000**

Stage	Total
Stage 1	$5,529,000
Stage 2	$5,900,000
Stage 3	$5,135,000
Total	**$16,564,000**

Greenfield - Hawea 200 Section Model

Scenario L				Inputs
Average section area (m²)				438
Average section value (incl GST)				$300,000
Number sections				200
Staging	Stage 1	Stage 2	Stage 3	Total
Total	67	67	66	200
Council Affordable Housing Levy				2.5%
Legal per lot				$1,000
Sales commissions				3.0%
Profit and risk				25.0%
Direct development costs per lot (inc contingency)				$65,000
Trunk connection costs				$1,000,000
Promotion per lot				$2,000
Development contribution per additional lot				$24,069
Staging	Stage 1	Stage 2	Stage 3	Total
Development and realisation period (yrs)	2.50	2.50	3.00	7.00
Deferment (yrs)	0.00	2.00	4.00	
Interest Rate				5.00%

Description - Stage 1			Calculations
Section Sales	67	$300,000	$20,100,000
Total Section Sales	67		**$20,100,000**
■ Less GST			$2,621,739
Net Realisation			**$17,478,261**
Less Costs of Sales			
■ Legal	67	$67,000	
■ Commissions	67	$603,000	$670,000
Net Realisation			**$16,808,261**
Less Profit & Risk on Outlay		25.00%	$3,361,652
Outlay			**$13,446,609**
Less Development Costs			
■ Direct development	67	$4,355,000	
■ Trunk connection costs		$1,000,000	
■ Affordable homes levy		$436,957	
■ Interest		$840,413	
■ Promotion		$134,000	
■ Development contributions		$1,588,554	$8,354,924
Residual Land Value			**$5,091,685**
Adopt – Exclusive of GST			**$5,092,000**

Description - Stage 2					Calculations
Section Sales			67	$300,000	$20,100,000
Total Section Sales			67		**$20,100,000**
■ Less GST					$2,621,739
Net Realisation					**$17,478,261**
Less Costs of Sales					
■ Legal			67	$67,000	
■ Commissions			67	$603,000	$670,000
Net Realisation					**$16,808,261**
Less Profit & Risk on Outlay				25.00%	$3,361,652
Outlay					**$13,446,609**
Less Development Costs					
■ Direct development			67	$4,355,000	
■ Trunk connection costs				$0	
■ Affordable homes levy				$436,957	
■ Interest				$840,413	
■ Promotion				$134,000	
■ Development contributions				$1,612,623	$7,378,993
Residual Land Value					**$6,067,616**
Deferred	2.00 yrs	@		5.00%	$5,503,507
Adopt – Exclusive of GST					**$5,504,000**

Description - Stage 3				Calculations
Section Sales		66	$300,000	$19,800,000
Total Section Sales		66		**$19,800,000**
■ Less GST				$2,582,609
Net Realisation				**$17,217,391**
Less Costs of Sales				
■ Legal		66	$66,000	
■ Commissions		66	$594,000	$660,000
Net Realisation				**$16,557,391**
Less Profit & Risk on Outlay			25.00%	$3,311,478
Outlay				**$13,245,913**
Less Development Costs				
■ Direct development		66	$4,290,000	
■ Trunk connection costs			$0	
■ Affordable homes levy			$430,435	
■ Interest			$993,443	
■ Promotion			$132,000	
■ Development contributions			$1,588,554	$7,434,432
Residual Land Value				**$5,811,481**
Deferred	4.00 yrs	@	5.00%	$4,781,120
Adopt – Exclusive of GST				**$4,781,000**

Stage	Total
Stage 1	$5,092,000
Stage 2	$5,504,000
Stage 3	$4,781,000
Total	**$15,377,000**

Greenfield - Hawea 200 Section Model

Scenario M				Inputs
Average section area (m^2)				438
Average section value (incl GST)				$300,000
Number sections				200
Staging	Stage 1	Stage 2	Stage 3	Total
Total	67	67	66	200
Council Affordable Housing Levy				5.0%
Legal per lot				$1,000
Sales commissions				3.0%
Profit and risk				25.0%
Direct development costs per lot (inc contingency)				$65,000
Trunk connection costs				$1,000,000
Promotion per lot				$2,000
Development contribution per additional lot				$24,069
Staging	Stage 1	Stage 2	Stage 3	Total
Development and realisation period (yrs)	2.50	2.50	3.00	7.00
Deferment (yrs)	0.00	2.00	4.00	
Interest Rate				5.00%

Description - Stage 1				Calculations
Section Sales		67	$300,000	$20,100,000
Total Section Sales		67		**$20,100,000**
▪ Less GST				$2,621,739
Net Realisation				**$17,478,261**
Less Costs of Sales				
▪ Legal		67	$67,000	
▪ Commissions		67	$603,000	$670,000
Net Realisation				**$16,808,261**
Less Profit & Risk on Outlay			25.00%	$3,361,652
Outlay				**$13,446,609**
Less Development Costs				
▪ Direct development		67	$4,355,000	
▪ Trunk connection costs			$1,000,000	
▪ Affordable homes levy			$873,913	
▪ Interest			$840,413	
▪ Promotion			$134,000	
▪ Development contributions			$1,588,554	$8,791,880
Residual Land Value				**$4,654,729**
Adopt – Exclusive of GST				**$4,655,000**

Description - Stage 2				Calculations
Section Sales		67	$300,000	$20,100,000
Total Section Sales		67		**$20,100,000**
▪ Less GST				$2,621,739
Net Realisation				**$17,478,261**
Less Costs of Sales				
▪ Legal		67	$67,000	
▪ Commissions		67	$603,000	$670,000
Net Realisation				**$16,808,261**
Less Profit & Risk on Outlay			25.00%	$3,361,652
Outlay				**$13,446,609**
Less Development Costs				
▪ Direct development		67	$4,355,000	
▪ Trunk connection costs			$0	
▪ Affordable homes levy			$873,913	
▪ Interest			$840,413	
▪ Promotion			$134,000	
▪ Development contributions			$1,612,623	$7,815,949
Residual Land Value				**$5,630,660**
Deferred	2.00 yrs	@	5.00%	$5,107,174
Adopt – Exclusive of GST				**$5,107,000**

Description - Stage 3				Calculations
Section Sales		66	$300,000	$19,800,000
Total Section Sales		66		**$19,800,000**
■ Less GST				$2,582,609
Net Realisation				**$17,217,391**
Less Costs of Sales				
■ Legal		66	$66,000	
■ Commissions		66	$594,000	$660,000
Net Realisation				**$16,557,391**
Less Profit & Risk on Outlay			25.00%	$3,311,478
Outlay				**$13,245,913**
Less Development Costs				
■ Direct development		66	$4,290,000	
■ Trunk connection costs			$0	
■ Affordable homes levy			$860,870	
■ Interest			$993,443	
■ Promotion			$132,000	
■ Development contributions			$1,588,554	$7,864,867
Residual Land Value				**$5,381,046**
Deferred	4.00 yrs	@	5.00%	$4,427,000
Adopt – Exclusive of GST				**$4,427,000**

Stage	Total
Stage 1	$4,655,000
Stage 2	$5,107,000
Stage 3	$4,427,000
Total	**$14,189,000**

Greenfield - Hawea 200 Section Model

Scenario N				**Inputs**
Average section area (m²)				438
Average section value (incl GST)				$300,000
Number sections				200
Staging	Stage 1	Stage 2	Stage 3	Total
Total	67	67	66	200
Council Affordable Housing Levy				7.5%
Legal per lot				$1,000
Sales commissions				3.0%
Profit and risk				25.0%
Direct development costs per lot (inc contingency)				$65,000
Trunk connection costs				$1,000,000
Promotion per lot				$2,000
Development contribution per additional lot				$24,069
Staging	Stage 1	Stage 2	Stage 3	Total
Development and realisation period (yrs)	2.50	2.50	3.00	7.00
Deferment (yrs)	0.00	2.00	4.00	
Interest Rate				5.00%

Description - Stage 1				Calculations
Section Sales		67	$300,000	$20,100,000
Total Section Sales		67		**$20,100,000**
■ Less GST				$2,621,739
Net Realisation				**$17,478,261**
Less Costs of Sales				
■ Legal		67	$67,000	
■ Commissions		67	$603,000	$670,000
Net Realisation				**$16,808,261**
Less Profit & Risk on Outlay			25.00%	$3,361,652
Outlay				**$13,446,609**
Less Development Costs				
■ Direct development		67	$4,355,000	
■ Trunk connection costs			$1,000,000	
■ Affordable homes levy			$1,310,870	
■ Interest			$840,413	
■ Promotion			$134,000	
■ Development contributions			$1,588,554	$9,228,837
Residual Land Value				**$4,217,772**
Adopt – Exclusive of GST				**$4,218,000**

Description - Stage 2				Calculations
Section Sales		67	$300,000	$20,100,000
Total Section Sales		67		**$20,100,000**
■ Less GST				$2,621,739
Net Realisation				**$17,478,261**
Less Costs of Sales				
■ Legal		67	$67,000	
■ Commissions		67	$603,000	$670,000
Net Realisation				**$16,808,261**
Less Profit & Risk on Outlay			25.00%	$3,361,652
Outlay				**$13,446,609**
Less Development Costs				
■ Direct development		67	$4,355,000	
■ Trunk connection costs			$0	
■ Affordable homes levy			$1,310,870	
■ Interest			$840,413	
■ Promotion			$134,000	
■ Development contributions			$1,612,623	$8,252,906
Residual Land Value				**$5,193,703**
Deferred	2.00 yrs	@	5.00%	$4,710,842
Adopt – Exclusive of GST				**$4,711,000**

Description - Stage 3				Calculations
Section Sales		66	$300,000	$19,800,000
Total Section Sales		66		**$19,800,000**
■ Less GST				$2,582,609
Net Realisation				**$17,217,391**
Less Costs of Sales				
■ Legal		66	$66,000	
■ Commissions		66	$594,000	$660,000
Net Realisation				**$16,557,391**
Less Profit & Risk on Outlay			25.00%	$3,311,478
Outlay				**$13,245,913**
Less Development Costs				
■ Direct development		66	$4,290,000	
■ Trunk connection costs			$0	
■ Affordable homes levy			$1,291,304	
■ Interest			$993,443	
■ Promotion			$132,000	
■ Development contributions			$1,588,554	$8,295,302
Residual Land Value				**$4,950,611**
Deferred	4.00 yrs	@	5.00%	$4,072,880
Adopt – Exclusive of GST				**$4,073,000**

Stage	Total
Stage 1	$4,218,000
Stage 2	$4,711,000
Stage 3	$4,073,000
Total	**$13,002,000**

Greenfield - Hawea 200 Section Model

Scenario O				Inputs
Average section area (m^2)				438
Average section value (incl GST)				$300,000
Number sections				200
Staging	Stage 1	Stage 2	Stage 3	Total
Total	67	67	66	200
Council Affordable Housing Levy				10.0%
Legal per lot				$1,000
Sales commissions				3.0%
Profit and risk				25.0%
Direct development costs per lot (inc contingency)				$65,000
Trunk connection costs				$1,000,000
Promotion per lot				$2,000
Development contribution per additional lot				$24,069
Staging	Stage 1	Stage 2	Stage 3	Total
Development and realisation period (yrs)	2.50	2.50	3.00	7.00
Deferment (yrs)	0.00	2.00	4.00	
Interest Rate				5.00%

Description - Stage 1				Calculations
Section Sales		67	$300,000	$20,100,000
Total Section Sales		67		**$20,100,000**
■ Less GST				$2,621,739
Net Realisation				**$17,478,261**
Less Costs of Sales				
■ Legal		67	$67,000	
■ Commissions		67	$603,000	$670,000
Net Realisation				**$16,808,261**
Less Profit & Risk on Outlay			25.00%	$3,361,652
Outlay				**$13,446,609**
Less Development Costs				
■ Direct development		67	$4,355,000	
■ Trunk connection costs			$1,000,000	
■ Affordable homes levy			$1,747,826	
■ Interest			$840,413	
■ Promotion			$134,000	
■ Development contributions			$1,588,554	$9,665,793
Residual Land Value				**$3,780,816**
Adopt – Exclusive of GST				**$3,781,000**

Description - Stage 2				Calculations
Section Sales		67	$300,000	$20,100,000
Total Section Sales		67		**$20,100,000**
■ Less GST				$2,621,739
Net Realisation				**$17,478,261**
Less Costs of Sales				
■ Legal		67	$67,000	
■ Commissions		67	$603,000	$670,000
Net Realisation				**$16,808,261**
Less Profit & Risk on Outlay			25.00%	$3,361,652
Outlay				**$13,446,609**
Less Development Costs				
■ Direct development		67	$4,355,000	
■ Trunk connection costs			$0	
■ Affordable homes levy			$1,747,826	
■ Interest			$840,413	
■ Promotion			$134,000	
■ Development contributions			$1,612,623	$8,689,862
Residual Land Value				**$4,756,747**
Deferred	2.00 yrs	@	5.00%	$4,314,509
Adopt – Exclusive of GST				**$4,315,000**

Description - Stage 3				Calculations
Section Sales		66	$300,000	$19,800,000
Total Section Sales		66		**$19,800,000**
■ Less GST				$2,582,609
Net Realisation				**$17,217,391**
Less Costs of Sales				
■ Legal		66	$66,000	
■ Commissions		66	$594,000	$660,000
Net Realisation				**$16,557,391**
Less Profit & Risk on Outlay			25.00%	$3,311,478
Outlay				**$13,245,913**
Less Development Costs				
■ Direct development		66	$4,290,000	
■ Trunk connection costs			$0	
■ Affordable homes levy			$1,721,739	
■ Interest			$993,443	
■ Promotion			$132,000	
■ Development contributions			$1,588,554	$8,725,737
Residual Land Value				**$4,520,176**
Deferred	4.00 yrs	@	5.00%	$3,718,760
Adopt – Exclusive of GST				**$3,719,000**

Stage	Total
Stage 1	$3,781,000
Stage 2	$4,315,000
Stage 3	$3,719,000
Total	**$11,815,000**

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From: Martin Winder

Subject: RE: Possible sensitivity test on brownfields feasibility report

Hello David,

I have completed the sensitivity analysis on the Brownfield sites as requested. All assumptions remain the same as at June 2020 to be consistent with our earlier scenarios and analysis.

Regarding Fryer Street – as per Page 13 of our 2020 report. This was an improved site and a vacant site (side by side). We assumed both sites would be improved as it would be rare for a developer to be able to obtain a vacant site in a built-up area. Therefore for the purpose of applying the levy to additional units we have assumed that the site offered two units pre-development. We have therefore taken the value of 12 new units less 2 units (10 units) and applied the levy to this figure (less GST).

Regarding Frankton Road – we have also allowed for 2 existing units and therefore treat this the same way as Fryer Street with regard to 'additional units' in the calculations.

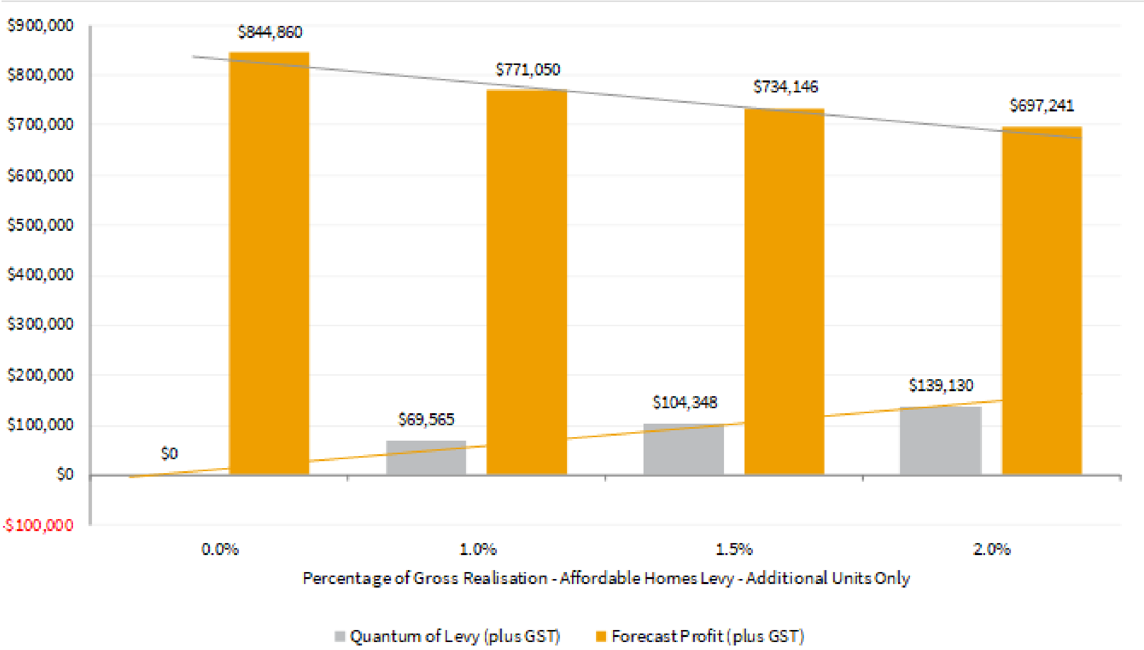
We have assumed all units have the same value but in reality, a complex will have a variety of different end values based on accommodation provided. Do you take the average value across the complex and then reduce this by the number of existing units? Or do you allow the developer to remove the two most expensive units and only apply the levy to the cheaper additional units? Something to consider. Also – are the levies established by valuation at consent stage or actual sale price achieved (whenever that may happen and assuming the developer doesn't hold on to a few units)?

Fryer Street summary:

Brownfield Fryer Street - Paying a levy to Council

Description	Units Developed	Percentage of Gross Realisation - Affordable Homes Levy - Additional Units Only	Total Levy (plus GST basis)	Standard Value per Unit (incl GST)	Gross Realisation (incl GST)	Percentage Profit on Outlay	Profit on Outlay (plus GST)
Scenario H	12	0.0%	$0	$800,000	$9,600,000	11.65%	$844,860
Scenario I	12	1.0%	$69,565	$800,000	$9,600,000	10.53%	$771,050
Scenario J	12	1.5%	$104,348	$800,000	$9,600,000	9.97%	$734,146
Scenario K	12	2.0%	$139,130	$800,000	$9,600,000	9.42%	$697,241

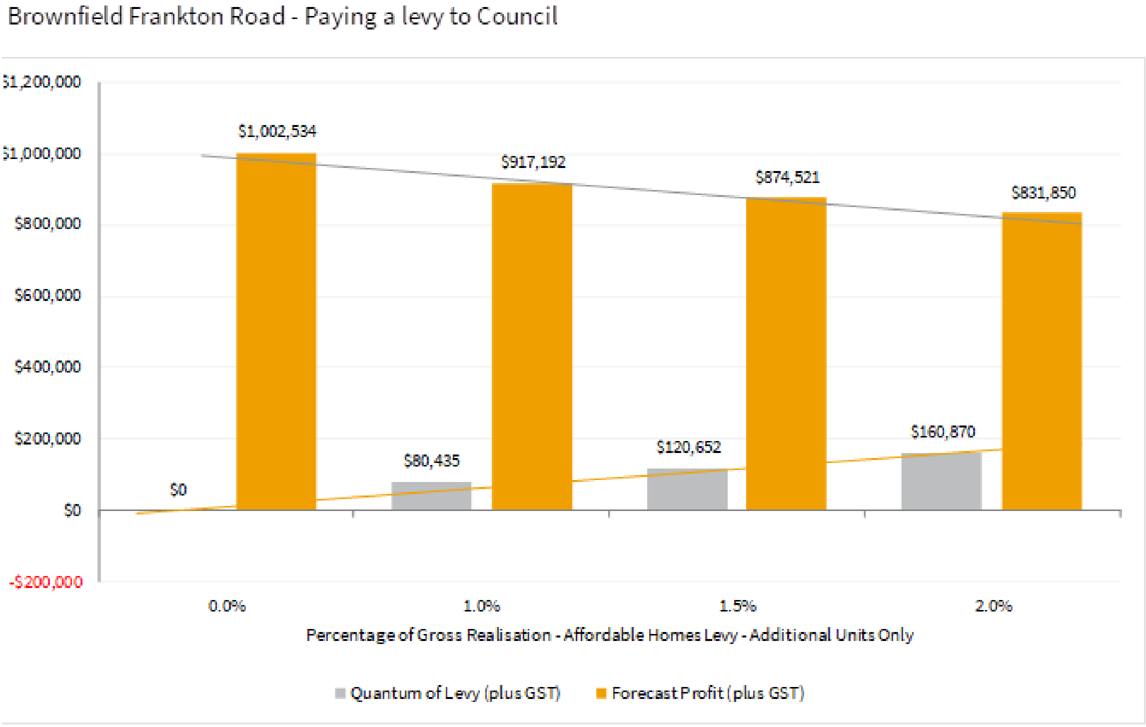
Brownfield Fryer Street - Paying a levy to Council



Frankton Road Summary:

Brownfield Frankton Road - Paying a levy to Council

Description	Units Developed	Percentage of Gross Realisation - Affordable Homes Levy - Additional Units Only	Total Levy (plus GST basis)	Standard Value per Unit (incl GST)	Gross Realisation (incl GST)	Percentage Profit on Outlay	Profit on Outlay (plus GST)
Scenario H	12	0.0%	$0	$925,000	$11,100,000	11.99%	$1,002,534
Scenario I	12	1.0%	$80,435	$925,000	$11,100,000	10.86%	$917,192
Scenario J	12	1.5%	$120,652	$925,000	$11,100,000	10.30%	$874,521
Scenario K	12	2.0%	$160,870	$925,000	$11,100,000	9.75%	$831,850



Let me know if there is anything else you need.

Kind regards

Martin

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The economic case for Inclusionary Zoning in QLDC

An important piece of the puzzle

13 July 2022

SENSE PARTNERS
DATA LOGIC ACTION

Key findings

- QLDC asked Sense Partners to broadly outline the economic costs and benefits of implementing an Inclusionary Zoning (IZ) policy.
- There is pressing need for affordable housing in the district. Inclusionary zoning aims to bring affordable housing to unaffordable areas. This has significant wider economic, social and wellbeing benefits, by reducing extreme housing stress for a cohort of the population.
- Our analysis of inclusionary zoning in QLDC so far show no perceptible negative impact on housing supply, house prices, house size or quality – the main concerns raised in international literature. It however emphasises the need for sufficient planned and feasible housing supply.
- Housing affordability is a $1b problem in QLDC. That is roughly how much the district's incomes would need to increase by to make its house prices and rents as affordable as the national level (which itself is not very affordable).
- Housing affordability is a contributing factor in QLDC's very high labour turnover rate. We estimate that the higher labour turnover rate is costing the local economy $105m-$200m a year. For each worker we can make more secure and stable in their home, community and work, the economic benefit is $55,000 - $110-000.
- We estimate up to 1,000 IZ homes may be delivered over the next 30 years. We take a conservative approach in valuing the economic benefits.
    - The largest benefit is from improved labour market outcomes and stability (reduced turnover), which adds $27m-$53m of economic benefits, discounted over 30 years at 6%.
    - There are modest positive economic benefits from improved mental health, education, and household bills. There are larger associated wellbeing benefits, but they tend to inflate benefit estimates but are a source of contention. There are also potential benefits from reduced commute times for some households, we have left that for our detailed s32 analysis.
    - If we conservatively estimate a permanent 1% increase in house prices in our low (bad) scenario, even though we found no evidence of IZ houses increasing neighbouring house prices, then existing homeowners would be better off and future homeowners worse off.
    - In our worst case, the total economic benefit of the IZ policy would be $3m over 30 years discounted at 6%.
    - In our conservative best case, the total economic benefit would be $101m.
    - We have not presented total benefit case in this analysis in this report, which includes wider wellbeing benefits (not just the economic and direct social benefits). Which we estimate may be as high as $170m.

Contents

1. Proposed policy

QLDC is proposing new residential developments are subject to Inclusionary Zoning provision, which have been used in the past:

- Historical Plan Changes established a voluntary contribution rate of 5% of lots transferred to the Council.
- Special Housing Areas initially required a 5% affordable housing contribution (under the Housing Accords and Special Housing Areas Act 2013).
- This was increased to 10% in 2018. QLDC data shows that the contribution is based on lots transferred to the Council (although some SHAs allowed for contribution of cash, lots or lots and house packages).

So, the policy is not new. Rather it will be formalised to a compulsory policy and applied widely. The policy needs to apply broadly under the Resource Management Act, but with due consideration for commercial feasibility for different types of developments (greenfield vs brownfield for example).

Past application was mainly applied on land that was up-zoned from rural to urban land use, which significantly increased economic value of the land and inclusionary provisions only had a modest impact on financial returns.

A more widely applied policy including on existing residential use land would not have the same zoning uplift to compensate. So, the Inclusionary Zoning policy needs to be more nuanced. If the requirement is set too high, it will make some projects unfeasible and delay supply. Set too low, and there will not be enough affordable housing.

The following is proposed for the planning provisions which are supported by a s32 assessment and are supported by this economic case (section 40.8.1):

An Affordable Housing Financial Contribution shall be provided to Council as follows:

1) Subdivisions:

    a) Residential subdivisions within urban growth boundaries or other Residential Zones outside urban growth boundaries:

        i) resulting in more than 1 but less than 20 new lots: a monetary contribution shall be paid to the Council equal to 5% of the estimated sales value of serviced lots; or

        ii) resulting in 20 or more lots: a contribution of land comprising 5% of serviced lots transferred for no monetary or other consideration to the Council.

    b) Residential subdivisions in a Settlement Zone, Rural-Residential Zone, Wakatipu Basin Rural Amenity Zone Lifestyle Precinct or Special Zone:

        i) A monetary contribution shall be paid to the Council equal to 1.0% of the estimated sales value of the lots created.

2) Development:

   a) Residential floorspace for any new or relocated units on lots that have not been subject to a financial contribution under 1 (a) above: A monetary contribution shall be paid to the Council equal to the lesser of:

      i) 2.0% of the estimated sales value of the additional units, or

      ii) $150 per sqm of the net increase in residential floorspace.

   b) Residential floorspace for any new or relocated units on lots that have not been subject to a monetary contribution under 1 (b) above: A monetary contribution shall be paid to the Council equal to:

      i) $75 per sqm of the net increase in residential floorspace.

      ii) For new residential floorspace on lots that have provided a monetary contribution under 1(a) above, a 'top up' monetary contribution shall be paid to the Council, equal to the formula (A) – (B):

   With (A) being the lesser of:

      2.0% of the estimated sale value of the additional units, or

      $150 per sqm of the net increase in residential floorspace, and

      (B) being the per lot contribution paid under 1(a).

3) Exemptions:

   For the purposes of this standard, the following types of residential activities shall not be counted as contributing to the total number of residential units in a development, nor be counted towards fulfilling the requirement of 40.8.1:

   a) a Residential Flat

   b) social or affordable housing delivered by Kāinga Ora, a publicly owned urban regeneration company, the Council or a registered community housing provider that complies with the requirements of Schedule 40.1, where affordable housing comprises at least 10% of the dwelling units in the development; or

   c) a managed care unit in a Retirement Village or Rest Home (as defined by the Retirement Villages Act 2003 or the Health and Disability Act), or

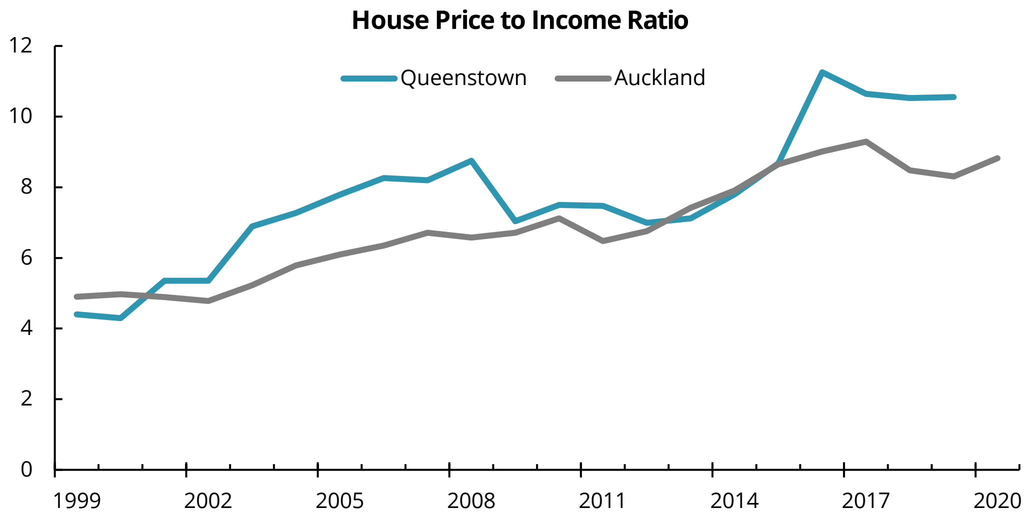
   d) a residential unit located in a Zone that already contains affordable housing provisions in the district plan, or where previous agreements and affordable housing delivery with Council have satisfied objective 3.2.1.10 and 40.2.1 and their associated policies.

2. Local housing context

House prices have increased rapidly in New Zealand since the early 2000s, both in absolute terms and relative to incomes (which affects the ability to save the required deposit, and to repay the mortgage). Rents have also become less affordable over time.

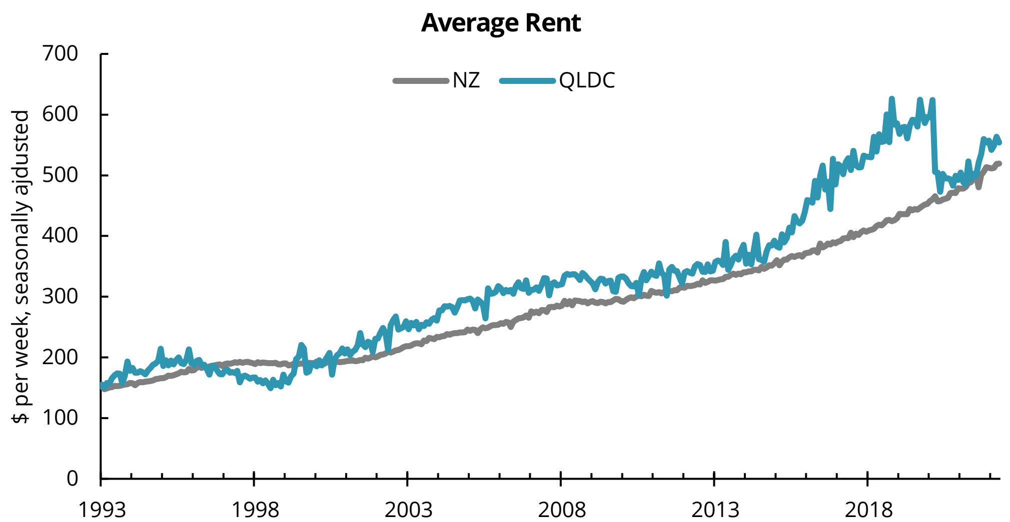
QLDC has been one of the hotspots of house price and population growth. It has experienced very strong population growth, driven by a desire to live in the region, invest in the region, as well as a booming tourism industry (until a sudden and likely temporary stop due to the Covid-19 pandemic).

FIGURE 1: HOUSE PRICES HAVE INCREASED RAPIDLY SINCE THE EARLY 2000S



Source: Statistics New Zealand, Sense Partners

FIGURE 2: RENTS HAD RISEN VERY SHARPLY IN RECENT YEARS, REFLECTING A SHORTAGE OF HOUSING (BUT FELL DURING THE PANDEMIC)

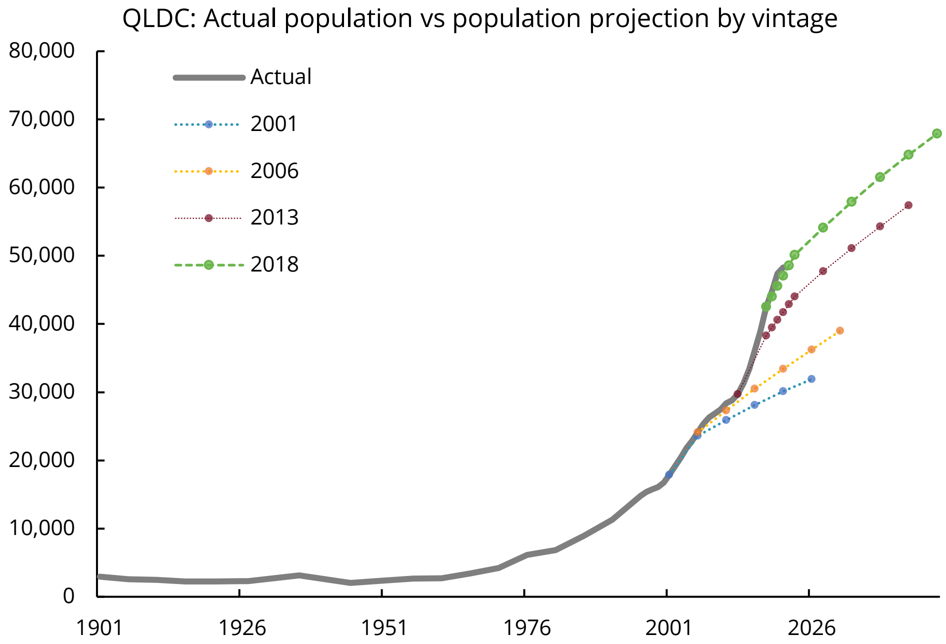


Source: MBIE, Sense Partners

2.1. Housing demand

A Housing Needs Assessment was commissioned by QLDC in November 2019, and updated in the QLDC Housing Development Capacity Assessment 2021. The assessment found that housing demand will grow significantly over coming decades, although potentially disrupted by the Covid-19 pandemic. Queenstown's population has grown rapidly since the 1970s (Figure 3) and has average 5% a year over the last 30 years.

FIGURE 3: POPULATION GROWTH HAS OUTSTRIPPED PROJECTIONS IN THE PAST DECADE



Source: Statistics New Zealand, Sense Partners

Population growth has also been stronger than projections over the last decade. For example, the latest estimate of the population in 2021 was 48,300, 60% higher than the 2001 census-based projections, 16% higher than the high variant of the 2013 census-based projections, and 3% higher than those based on the 2018 census.

In recent years, population growth has been boosted by very strong inward migration, of young people from overseas, and older people (over 60) from other parts of New Zealand.

There are costs in not planning for enough growth – as it leads to capacity constraints in the economy. Because land supply is not perfectly elastic, rapid increases in population growth and attendant housing demand lead to increasing rents, increasing house prices, overcrowding, and local workers and residents being displaced.

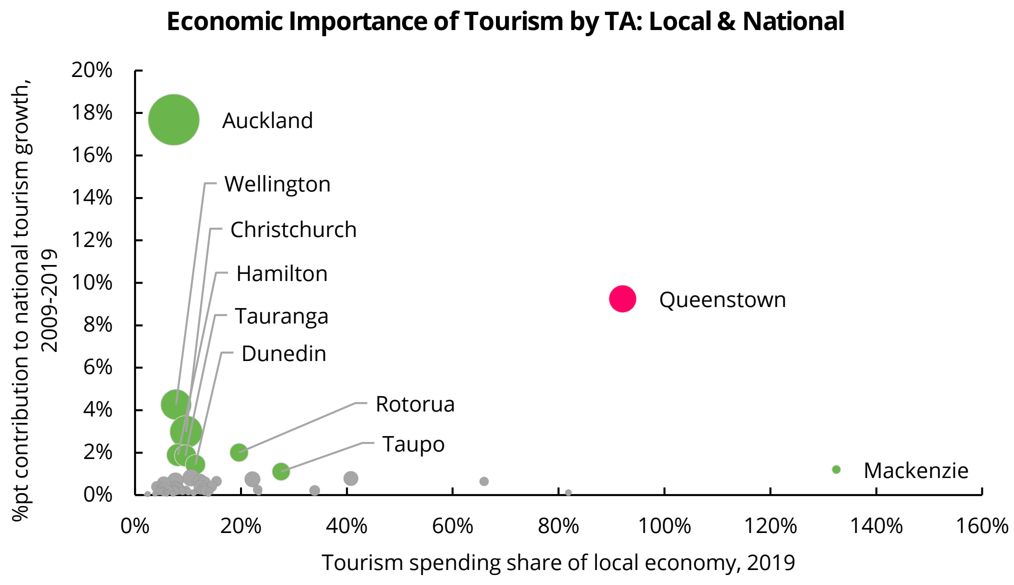
But there is also a cost in over-accommodating for growth if it does not materialise. Growth infrastructure is expensive and is often reliant on future population and economic growth to pay for it.

QLDC projections[1] take a conservative approach to forecast population growth, averaging 2.2% a year to 2051, compared to 5%pa in the last 30 years and 5.2%pa in the last decade. However, if population growth surprises on the upside, there is ample feasible capacity in QLDC. The 2021 Housing Capacity Assessment[2] found commercially feasible capacity for up to 30,164 additional dwellings by 2030.

Uncertain impact of Covid-19

The Covid-19 global pandemic has had a significant impact on the global economy and particularly international tourism. The New Zealand economy, and the tourism dependent economies of QLDC and surrounds. The IATA forecast global passenger traffic (revenue passenger kilometres) will not return to pre-COVID levels until 2024. This means there is good cause to be cautious in projecting population over the next few years, but history suggests we should also plan for long term growth that may surprise on the upside.

FIGURE 4: AUCKLAND HAS BEEN THE LARGEST CONTRIBUTOR TO TOURISM GROWTH IN THE LAST DECADE

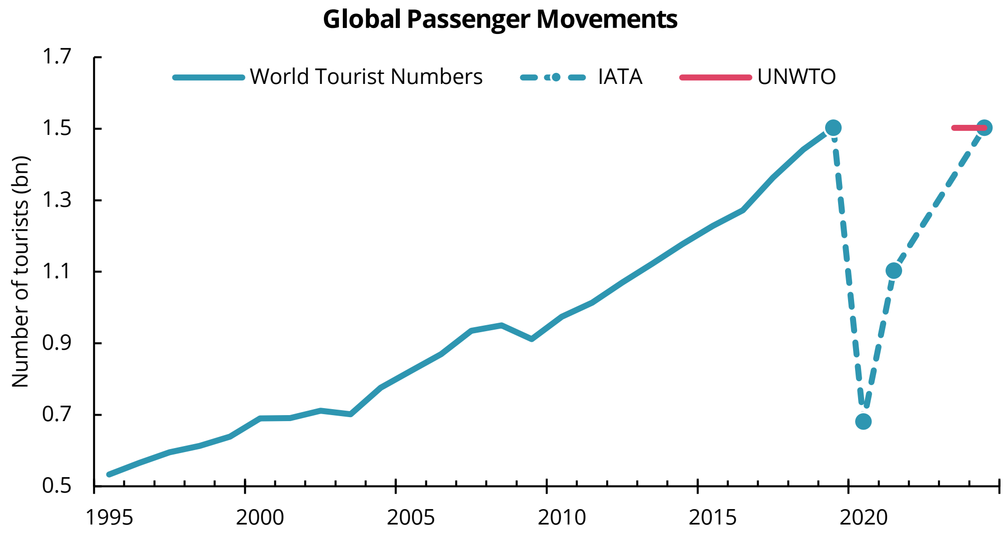


Source: MBIE, Statistics NZ, Sense Partners

[1] https://www.qldc.govt.nz/community/population-and-demand 2020

[2] https://www.qldc.govt.nz/media/ur1fr4ar/3b-attachment-b-housing-development-capacity-assessment-2021-technical-report.pdf 2021

FIGURE 5: GLOBAL TRAVEL MAY NOT RECOVER TO 2019 LEVELS UNTIL 2024



Source: UNWTO, IATA, World Bank, Sense Partners

2.2. Housing supply

House building has surged in recent years (Figure 6). However, the population has grown even faster. Housing building needs to remain high to meet projected demand, as well as current unmet demand (seen in affordability pressures, increased congestion due to commuting workers, and crowding for example).

In the 2018 Census 730 households reported needing more bedrooms in QLDC (Figure 7). This is consistent with our estimates of underlying housing demand and actual supply, which show that demand has outstripped supply from 2014 to 2018 (Figure 7).

Those with affordability constraints are crowding up. This is because the supply is not uniform across the housing continuum. Our analysis shows that while the housing stock has grown rapidly in recent years, the supply of rental housing has not. In the 5 years to 2018, the housing stock grew by around 775 dwellings a year. The increase in the rental stock was only around 185 a year over the same period, or 25% of the dwelling stock growth.

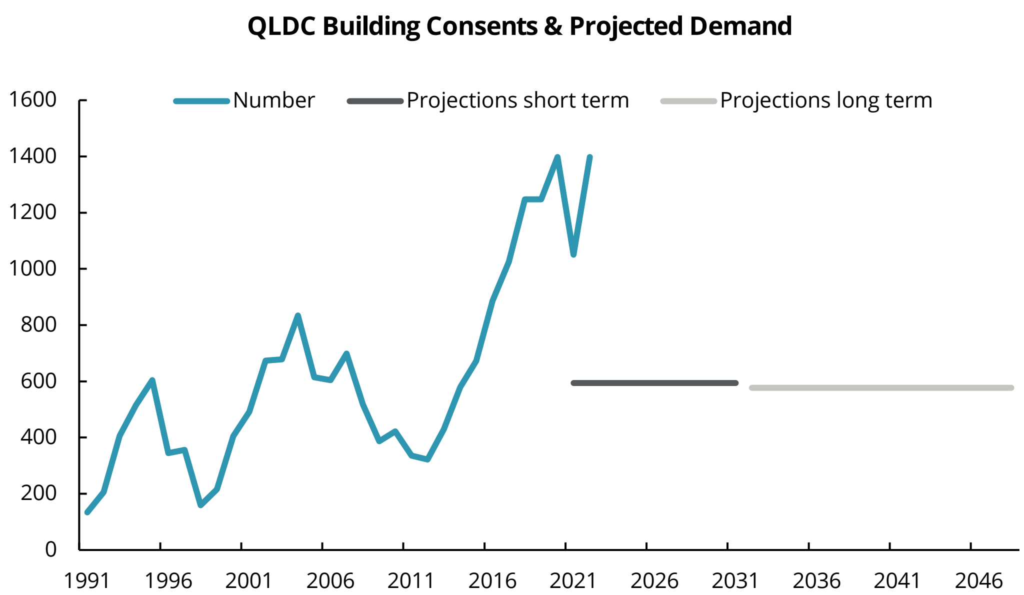
An Auckland evaluation[3] of Special Housing Areas found that the policy boosted supply but did not improve affordability. QLDC also benefitted from the Housing Accord and Special Housing Area (HA-SHA) legislation, which had targeted 1,300 homes over three years (Figure 9). Targets changed over the years, but the approvals of projects appeared to largely keep pace with targets (

[3] Fernandez (2019)

Figure 10).

QLDC population projections[4] suggest recent supply trends will continue. However, recent experience shows that overall housing supply may not increase affordable housing supply for some time. This highlights the need for targeted policies, such as Inclusionary Zoning, to encourage affordable housing supply (which QLDC has been using since 2004 and is discussed later in the report).

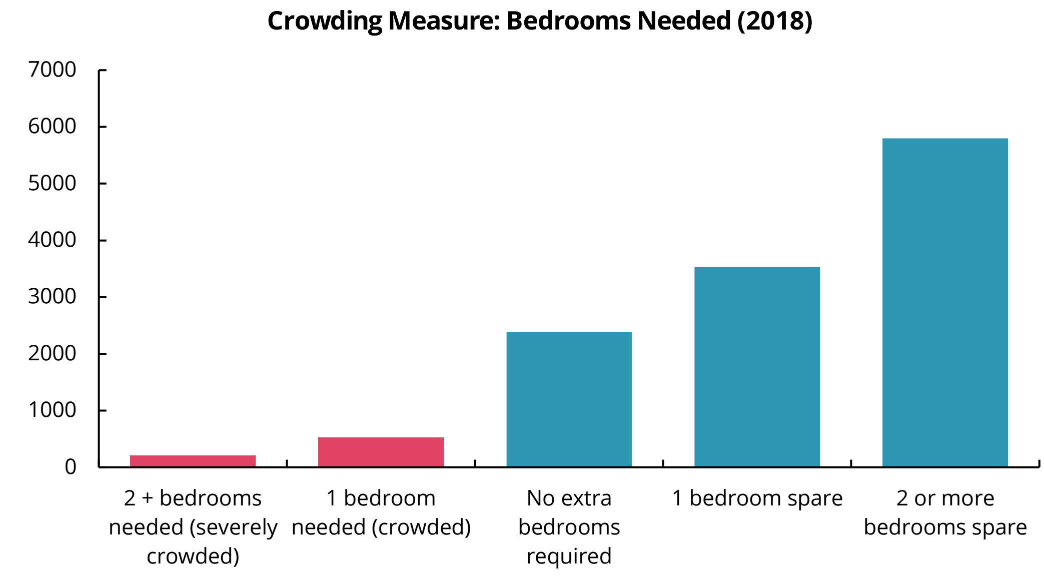
FIGURE 6: SURGING CONSENTS IN RECENT YEARS IS WELCOME



Source: Statistics NZ, QLDC, Sense Partners

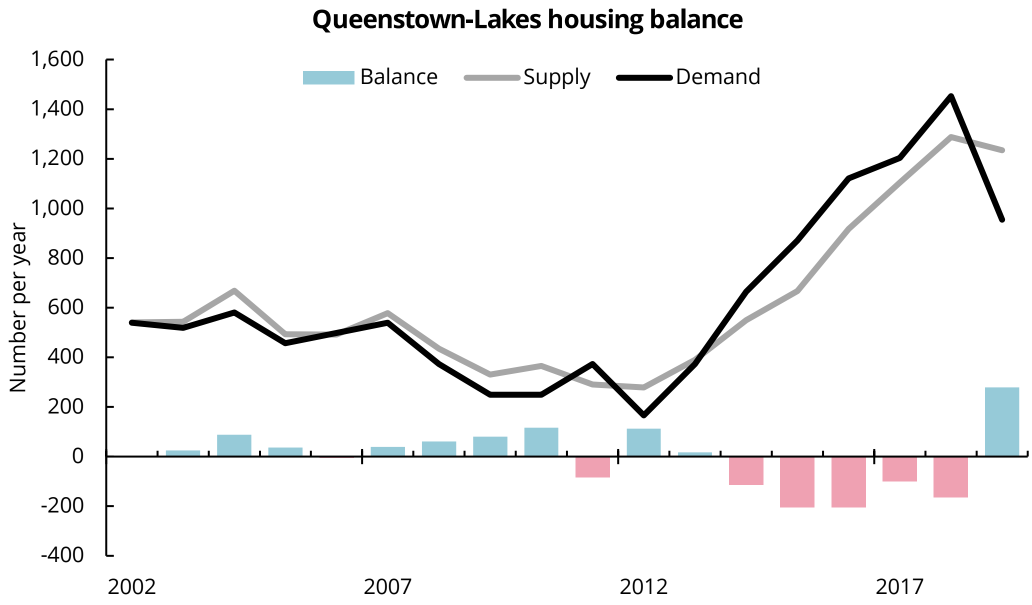
FIGURE 7: AROUND 730 HOUSEHOLDS WERE OVERCROWDED

[4] https://www.qldc.govt.nz/community/population-and-demand 2020



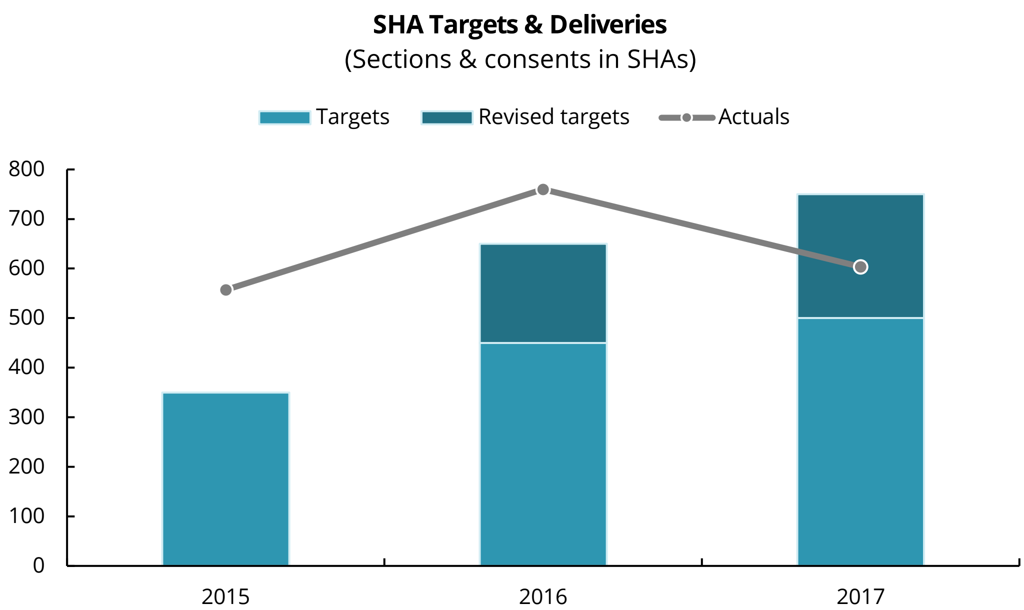
Source: Statistics NZ, Sense Partners

FIGURE 8: HOUSE BUILDING HAS SURGED IN RECENT YEARS, BUT DEMAND HAS GROWN EVEN FASTER



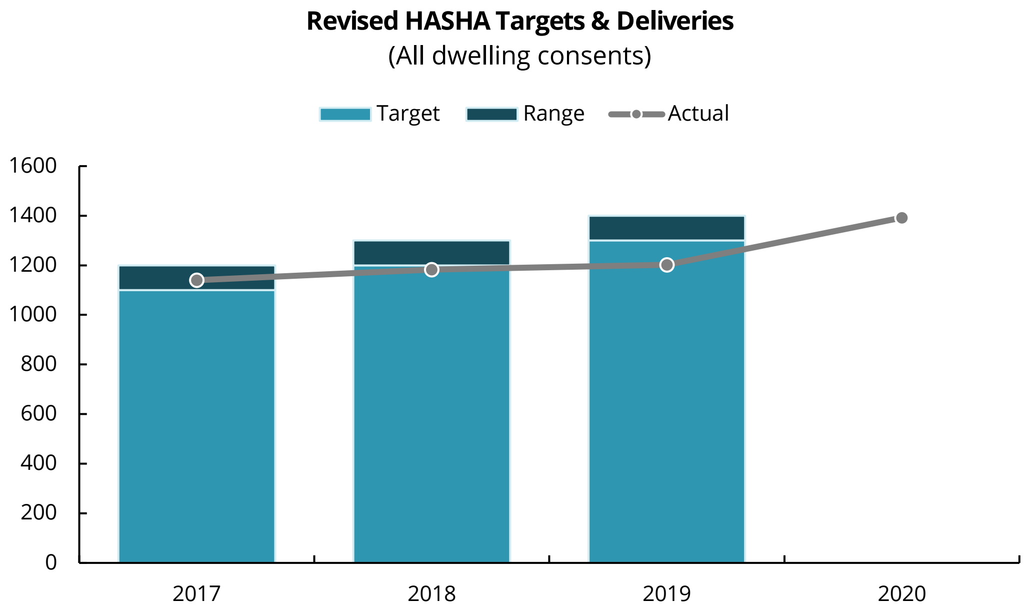
Source: Statistics NZ, Sense Partners

FIGURE 9: SHA TARGETS WERE MET…



Source: MHUD, QLDC, Sense Partners

FIGURE 10: …AND LATER CHANGED TARGETS



Source: MHUD, QLDC, Statistics NZ, Sense Partners

3. Housing affordability and its consequences

3.1. A $1b problem for the Queenstown Lakes District

Housing is extremely unaffordable in QLDC. According to interest.co.nz for example, the median house price in May 2020 was 12.6 times median household incomes, compared to 6.8 times nationally. Similarly, the average rent in QLDC is 46% of the average income from a job, compared to 39% nationally.

To understand the scale of the housing costs, we can think about how much incomes locally would have to rise to match, say the national, housing cost levels. There can be plenty of arguments about what should be the most comparable region or number, but this exercise helps to illustrate the scale of the issue.

If the cost of housing remained the same and local incomes went up to match national levels, then incomes would have to rise by 85% (to restore housing affordability). Cumulatively, the wage bill in QLDC would need to rise by $1,042m to $2,264m. Roughly, the scale of the housing affordability issue in QLDC is $1b.

A survey of renters in 2020 found that renters are more likely to be older, living with a partner, and children. The consequences of insecure housing are even greater for families than more mobile younger cohorts.

This is illustrated by the waitlist for the Queenstown Lakes Community Housing Trust (QLCHT). It shows those wanting help on housing are likely to work in relatively low-income jobs, and those with children (both single and two parent families) were in high need.

FIGURE 11: WAITLIST OF QLCHT HOUSING, NUMBER OF HOUSEHOLDS BY COMPOSITION

QLCHT waitlist by composition and income

Share of households, %

Adults	1				2				Total
Children	0	1	2	3+	0	1	2	3+	
Income ($)									
Under 30,000	4%	2%	1%	1%	1%	0%	0%	0%	8%
30,001-50,000	10%	5%	3%	1%	1%	3%	1%	0%	24%
50,001-80,000	12%	4%	2%	1%	6%	6%	7%	2%	40%
80,001-100,000	1%	0%	0%	0%	9%	4%	4%	1%	20%
100,001+	0%	0%	0%	0%	1%	2%	3%	2%	8%
Total	27%	11%	6%	3%	18%	15%	15%	6%	100%

Source: QLCHT

3.2. Impact on labour market

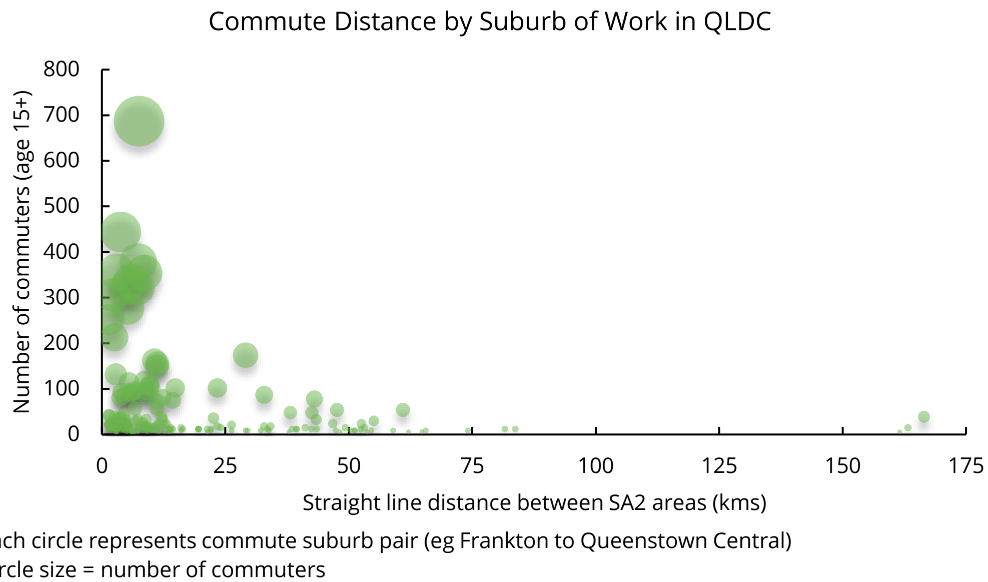
The cost of housing is impacting on the availability of worker, the quality of life of workers, often pushing them further away from their place of work and increasing their travel costs, increasing emissions and congestion. OECD's illustrative modelling showed that improved housing supply would increase labour productivity growth by 0.5% a year[5].

One consequence of unaffordable is housing is higher labour turnover and labour shortages. Businesses report finding it harder to retain and attract labour. Survey of Queenstown Chamber members for example[6] show that workforce issues (finding workers and worker accommodation) are high on their priority list. This also affects public services, such as schools, health, police and local government.

QLDC's largest sector is retail and accommodation, accounting for 30% of all jobs, but just under 20% of QLDC residents work in the sector. Many are commuting in from further away.

We can see this reflected in Census commuter data, which shows more people travelling further distances to work over the last three censuses. For example, the number of commuters from Frankton and Lake Hayes to Central Queenstown – which creates urban traffic congestion – has more than doubled between the 2006 and 2018 censuses, from around 460 people to 950. The number of people commuting from further away, such as Cromwell and Wanaka are also growing.

FIGURE 12: MOST COMMUTES ARE SHORT, BUT AROUND 300 LIVE MORE THAN 50KM AWAY FROM THEIR WORK



Source: Statistics NZ, Sense Partners

[5] Baker (2019)
[6] https://www.queenstownchamber.org.nz/business-connect/news-advocacy/news/membership-survey-results-2019/

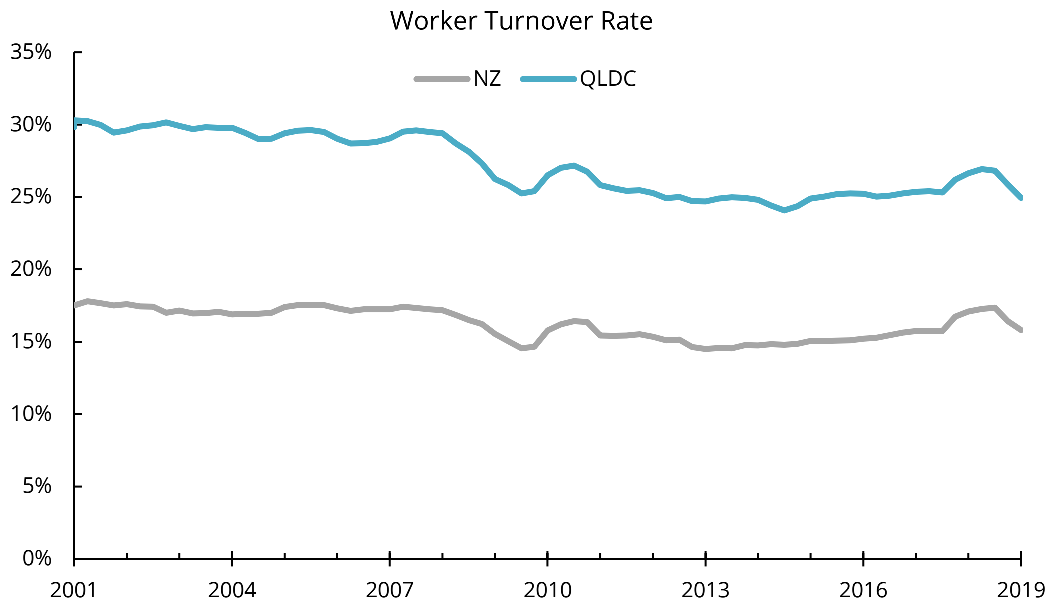
We estimate around 300 people have a commute of more than 50km each way[7]. Commuter data shows people prefer to live close to work (Figure 12), commute distances are increasing with attendant increase in traffic congestion, and associated economic and environmental costs.

Housing availability and choice are important determinants of labour supply, cost, and turnover. QLDC's tourism and service-based economy is labour intensive, but labour turnover, some of which is linked to worker accommodation, have direct economic costs.

This economic cost to business is visible in higher labour turnover in QLDC. Employee turnover is a real cost to business. It increases the cost of recruitment, training, and productivity loss. Business tools and international literature suggests turnover costs may be very high. For tourism intensive industries the cost of turnover is around 25% of an employee's annual salary. An US study found typical cost of ~20%[8].

The labour turnover rate was 25% in QLDC in 2019, and 16% nationally[9]. A third of the difference was due to industry mix in QLDC (it has more employment in higher turnover industries like accommodation, and food and beverage services). But the remaining two-thirds (or 6% labour turnover) is due to other local factors, including a large number of short-term visiting workers from overseas. Small and remote communities tend to experience higher labour turnover. It is not a uniquely QLDC issue, but one that has real economic costs.

FIGURE 13: LABOUR TURNOVER IN QLDC IS MUCH HIGHER THAN THE NATIONAL AVERAGE



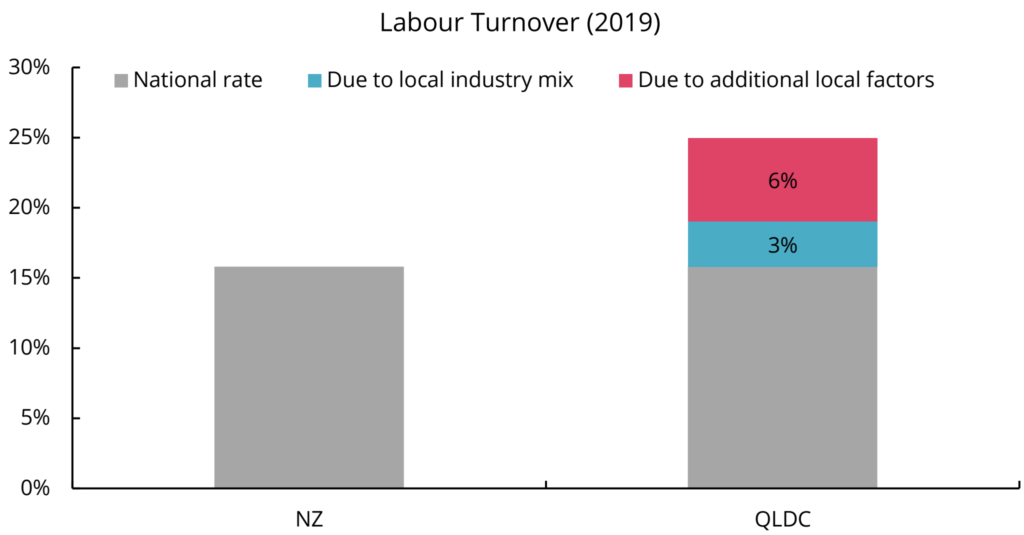
Source: Statistics NZ, Sense Partners

[7] We calculated a straight-line distance between suburbs. This is likely to underestimate actual travel distance due to transport networks.
[8] Glynn (2012)
[9] Statistics New Zealand Linked Employer Employee Database (LEED)

We estimate that high labour turnover has significant potential costs to the local economy:

- We estimate this additional labour turnover adds $20m-$25m per year to labour costs of doing business in QLDC, compared to the national average.
- Similarly, we also found that higher labour turnover industries tended to have lower profits. The 6% excess turnover in QLDC would equate to return on assets beings 5%-10% lower, or worth $85m-$175m a year.
- We estimate much higher labour turnover in QLDC is imposing economic costs worth $105m-$200m a year (3%-6% of QLDC's GDP).
- As a rough rule of thumb, we estimate every worker not unnecessarily moving jobs is worth $55,000-$110,000 to the local economy.
- Research[10] shows reduced turnover of work and living arrangements also have wider benefits social and wellbeing benefits, particularly for work prospects and education outcomes.

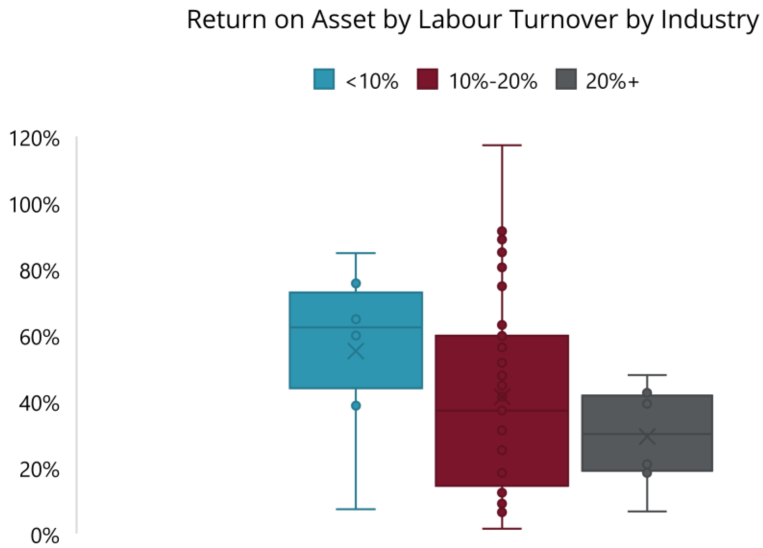
FIGURE 14: ONLY A THIRD OF QLDC'S HIGHER LABOUR TURNOVER CAN BE EXPLAINED BY ECONOMIC MAKE-UP



Source: Statistics NZ, Sense Partners

[10] Treasury (2018)

FIGURE 15: HIGH LABOUR TURNOVER INDUSTRIES TEND TO EXPERIENCE LOWER PROFITABILITY



Source: Statistics NZ, Sense Partners

4. A framework to think about Inclusionary Zoning

4.1. The need for targeted supply of affordable housing

Housing in the Queenstown Lakes District is unaffordable and that while increasing supply is the long-term solution, it will not immediately supply housing across the housing continuum. Specifically, housing supply is skewed towards higher value homes. Also, some groups of people in our community may need housing help, because of poverty, health or other issues.

Groups most likely to be reliant on housing assistance (those who qualify for government assistance such as Temporary Accommodation support and Accommodation Supplement) and more likely to rent are most affected by high housing costs. The impact is borne disproportionately by workers in low paid jobs, Māori, Pasifika, people on welfare, single parents, and older renters.

There are many drivers of the housing boom, but one key driver has been slow supply, or that we have not built enough homes relative to demand from population growth and changes in household composition.

The accumulated shortage has become so large that building more houses on its own is not enough to meet needs across the housing continuum. For example, the district's population has grown by 70% in the decade to 2021, but the number of rental properties with a registered bond has increased by only 36%[11]. This means supply of rental housing is falling short.

Experience of recent years shows that housing supply can be ramped up. But the increase in supply is not uniform across the housing continuum. The supply of public, affordable and rental housing is much slower than the supply of more expensive and owner-occupier homes, demand for which comes from those with higher incomes and wealth. The impact of slow housing supply is disproportionately worse for those on lower incomes.

The Queenstown Lakes District faces a significant housing shortage. In 2018, 6% of households lived in crowded conditions, much higher than in neighbouring districts: 3% in Dunedin and 1.7% in Central Otago.[12] This alongside very high house prices and rents to incomes suggest there is significant pent-up demand for housing.

Thus, when new housing is supplied, it will satiate demand but will cascade down from those who have the least affordability constraints over time (e.g. those with familial wealth, high incomes, etc). If house building exceeds demand over a sustained period, it will eventually lead

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[11] MBIE, Tenancy Bond Database, https://www.tenancy.govt.nz/about-tenancy-services/data-and-statistics/rental-bond-data/

[12] Statistics New Zealand, 2018 Census, https://www.stats.govt.nz/news/almost-1-in-9-people-live-in-a-crowded-house#about

to sufficient stock of housing that demand is met across the continuum. This has not happened in Queenstown Lakes for many decades.

This means that when housing is built currently, it relieves housing pressure for middle income residents, allowing them to realise their desire for home ownership and ideal household composition.

So, for those on the lower end of the housing continuum, initial housing supply – holding all else constant – does not necessarily improve housing situation. Instead, there needs to be targeted increase in housing supply across the continuum when starting from a position of housing deficit. Consequently, there needs to be a targeted focus on building, supplying and retaining affordable homes to meet this need until overall supply catches up with demand.

4.2. Inclusionary zoning through a tax lens

IZ is used to ensure a share of new supply is low-cost or affordable housing. In the absence of which new housing supply is skewed towards larger and more expensive homes.

IZ requires a portion of new housing to be affordable or raises revenue (tax) from market housing and applies to affordable housing. The policy is usually triggered when planning permissions are changed (e.g. up-zoning land),or permits sought (e.g. building consent). It can be voluntary or mandatory, it can be subject to development feasibility, and can be subject to planning incentives (e.g. height or density bonuses). IZ application varies by jurisdiction and has changed over time.

At its core, IZ can be described as a combination of a planning/permitting event, a tax, and an application of the tax:

- Catalyst: IZ can apply for a given catalyst. It can apply when planning rights change (e.g. a plan change), or in some international jurisdictions, when a building permit is sought (when additional planning rights may be traded to compensate for requiring affordable housing).
- Tax/incentive: IZ policy tends to either tax windfall planning gains, or gives incentives (negative tax) to provide affordable housing.
    - Windfall planning gain: When additional planning rights are given, the resulting increase in land price is a windfall planning gain. These are not the result of productive efforts of the landowners, and the increased value should be returned to the wider community. In the long term, if land markets are competitive, landowners will bear the cost of IZ programs through lower land prices paid by developers.
    - Incentives in the form of density and/or height bonuses. The incentives are calculated through complex formulas and come in several forms, including the right to build at a higher density (also called density bonus), an expedited permitting process, lowered development fees, etc.

- Using tax: the revenue (in fees of in kind) is then applied to affordable housing, usually with a minimum retention period, for example 50 years in the US.

IZ can be considered in the context of a 'tax policy'. That is, we are interested in the incidence, efficiency and salience of the tax.

- Tax incidence (consumers or producers) – it is not about who nominally pays the tax, but who ultimately bears the cost. IZ policy could drive up market cost of housing and reduce supply of market housing, but it could still create additional affordable housing, that would benefit those who receive it. However, the net impact may not be positive, meaning we need to careful to balance the costs and benefits.
    - We want to avoid imposing costs on consumers and impose the cost on land owners (who receive the additional property rights) this means policy is better suited to be uniform across all greenfield, and perhaps in a more scaled back way for brownfield (subject to feasibility analysis, as brownfield developments are often more complex, and may have additional social and environmental benefits).
    - Consumers pay more when demand is inelastic (which is the case in Queenstown Lakes District, as we have a shortage of homes) and supply is perfectly elastic (developers may build elsewhere or delay building, unless the land market is large and competitive). So, house prices will rise at the margin, unless we take mitigating action on increasing overall land supply across the entire labour market area.
    - Land prices will adjust when supply is inelastic, there is no close substitute and demand shifts if price changes. These conditions can only hold if greenfield zoned land is ample (many decades of future demand and infrastructure is planned/provisioned), and there are no close substitutes (that are no neighbouring districts effectively 'discounting' by not imposing similar IZ conditions). If IZ policy is not co-ordinated across the Labour Market Area, then IZ policy will push developments to neighbouring districts.
- There are efficiency costs of taxation – there is a deadweight loss, that is there are transaction or frictional costs of introducing a tax, that is simply lost. To reduce the net impact on society requires significantly increasing the supply of zoned and serviced land.

Tax salience – how the tax is described or displayed – is also relevant. Because IZ policy is usually couched at the developer level, it is often opposed strongly in terms of reducing supply. However, IZ policy in both UK and Australia is moving towards framing it in terms of a *tax on planning windfall gains for landowners*, which was not a result of productive efforts of the landowner. This accurate framing of the tax, who it falls on, and how some of the costs are offset against societal gains is critical to the success of IZ policies internationally.

5. Inclusionary Zoning as part of the solution

QLDC is afflicted by unaffordable housing. There is no one policy tool that can alleviate this. However, IZ is a targeted policy that deliberately produces affordable housing, although further support is often required to make houses affordable to those on very low incomes. The point of these policies is usually to increase the share of affordable housing, and to break up socioeconomic segregation of a city[13].

Planning system tools such as IZ work best when part of a wide whole-of-government strategy to address the continuum of housing needs[14]. An OECD report in 2019[15] suggested government delivery of affordable housing through KiwiBuild should be re-focused towards enabling the supply of land to developers, supporting development of affordable rental housing, and further expanding social housing in areas facing shortages. They noted that in Germany, the supply of affordable housing is increased through public subsidies in conjunction with inclusionary zoning, with rental housing generally targeted. The key messages are:

- The most successful applications of IZ are in places where the mechanism is simple to administer, there is an established delivery mechanism and the policy applied widely.
- Inclusionary zoning helps to supply lower value/affordable homes into supply. Without this, supply of this type of housing falls dramatically.
- IZ is not common in Australasia, but widely used in USA (more than 500 cities), UK and other parts of the world with varying degrees of success.
- In recent decades South Australia (around 5,500 units over a decade to 2015) and Sydney (around 2,000 units over a decade from 2009) have both used inclusionary zoning. Neither are sufficient to deal with housing stresses for all.
- There is some risk of reducing incentives for overall supply, but because IZ tends to be used in very expensive markets, good quality quantitative studies find no impact on overall supply. But the published evidence is mixed, although of varying quality and scope (many do not include wider social benefits).
- Inclusionary housing practice in both the US and UK reveals that schemes gain traction over time. Private developers accept inclusionary requirements *when they are known in advance and levied in a consistent way*.
- Even with IZ, low income families often need additional support to afford homes.

[13] Mock (2016)
[14] Gurran et al (2018).
[15] Baker (2019)

- IZ on its own cannot be the answer. As other mechanisms required to ensure housing supply is responsive to demand across the continuum of housing need.

Experience in QLDC to date, and internationally suggest such a policy is a complement to wider land use policies to increase housing supply. But left to their own devices, general housing supply may not provide sufficient *affordable* housing supply for some time.

QLDC began using IZ policy to create a stock of retained affordable homes in 2004. Inclusionary Zoning policy has changed in QLDC over time. It started with the agreement of stakeholder deeds between developers and the Council that dedicated around 5% of the residential land for affordable housing as part of the plan change approval process of rezoning rural land to residential subdivision. This rezoning process was further memorialised through a set of objectives, policies, and rules into the District Plan in 2013, and then further used through the HA-SHA (2013) Act.

The QLDC experience so far has been favourable against commonly cited issues internationally. The international literature takes a nuanced view on what successful IZ policy looks like. Success is often defined in terms of the impact on various channels[16]:

1. Create more affordable units. The international literature shows that IZ policy can increase affordable housing supply, but it can lag overall supply.
    1.1. QLDC shares a commonly found issue, that the supply of affordable housing lags[17], but increases over time. We have seen that while housing supply has accelerated, the supply of rental stock has not kept paces (only 25% of the increase in the dwelling stock in the five years to 2018 were rentals).
    1.2. IZ policies vary by location, as do their scale. In South Australia, the policy contributed 15% of total supply in the decade to 2015. In Sydney about 1%[14].
    1.3. We estimate the proposed IZ policy will account for up to 1,000 units, or close to 6% of total new supply through to 2051. Although demand is likely to be around 2,000 units, meaning IZ needs to be a complement to wider housing supply delivery.
2. Retention increases wider social and economic benefits. The impact is higher the longer they are retained. Generally, IZ homes are retained for 30 years or more, but again the policies are heterogenous across jurisdictions.
    2.1. The proposed model specifically includes a retention mechanism to ensure the social and economic benefits are maximised.
3. May impact on housing supply. The evidence of IZ policy impact on housing supply is mixed. High quality studies have not found large negative effects on supply. Large cross jurisdiction studies have generally found no effect, or marginal effect on housing supply relative to non-IZ locations. Mitigation tools can reduce the impact, for example through

[16] Ramakrishnan et al (2019).
[17] Norris (2007)

density bonuses, reductions in height, setback, parking and other requirements, and fast-tracked approvals.

3.1. Some international studies found housing supply slowed due to Inclusionary Zoning policies, but that depended significantly on the stringency of the inclusionary requirements[18].

3.1.1. However, when QLDC adopted more stringent Inclusionary Zoning requirements in 2013 (increasing them from 5% to 10% in SHAs) housing supply improved, both in levels and relative to population.

3.1.2. There are other drivers, but it does not appear that Inclusionary Zoning policy had a discernible negative impact on housing supply.

4. Some international studies have also shown Inclusionary Zoning reducing the size and quality of homes (to compensate for margin impact)18.

4.1. However, when we analysed Special Housing Area building consents, we found the average size and per square metre improvement costs were higher than QLDC average.

4.2. Special Housing Area homes consented between 2015 and 2018 had an average floor size of 224 m2 (we trimmed the top and bottom 5% to reduce the impact of extreme outliers) compared to 185 m2 for all consents.

4.3. The average value of improvements for Special Housing Area consents was $2,700/m2 compared to $2,500/m2 for all consents.

5. Increase Impact on house price. International evidence shows mixed impact of Inclusionary Zoning on house prices. Most show no impact, but some increased prices19.

5.1. In literature that found a link, they found that IZ areas experienced faster house price growth during appreciating periods, and deeper declines during depreciating periods.

5.2. If there is a one-off increase in house prices it would benefit existing homeowners but penalise others (now and in the future) looking to buy.

5.3. Conservatively, we show the impact on existing owners (who enjoy higher house prices) and future buyers of new supply (who are worse off).

6. Improve economic opportunity for IZ beneficiaries? There is surprisingly limited research in this area. Our literature review suggests there are improvements in financial outcomes, some evidence of integration (when on site provision vs financial contribution), and can increase economic opportunity through access to high opportunity neighbourhoods, schools, etc. We attempt to quantify these benefits later in the report.

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[18] Bento (2009), Powell (2010)
[19] Shuetz (2011)

6. The Cost Benefit Analysis

The indicative CBA is broad based and uses a range of data sources.

We consider the implications of our analysis over a long period of time, 30 years. This is because housing is a long-lived asset, and changes in such long-lived assets need to be considered over a long period of time. Further, many gains and losses are incremental and may not appear material unless cumulated over a long period of time.

The typical analysis of such schemes tends to focus on the private monetised benefits. These tend to show that the scale of be benefits of those housed is positive but may be outweighed by the cost borne by the original landowner, developer, or homeowner (through lower profits or higher prices of housing). When supply cannot keep up with demand, costs of IZ are likely to be borne by house buyers, rather than landowners or developers. When supply is responsive and the policy is widely applied, the price of landowners and developers will also share some of the cost.

The counterfactual presented tends to be one where unfettered market would supply more homes and, at least in the aggregate, everyone is better off. Future planning provisions are assumed as a given. This is understandable, but the true trade-offs are nuanced. Planning provisions that increase the property rights of a piece of land are additional endowments given by the community to the landowner. It may be considered as a transfer from the community to a private benefit.

Adding the inclusionary zoning requirements when rezoning is often easier. That is because additional rights, which have tangible economic value, compensate for the IZ. The policy needs to be applied as widely as possible to have the largest impact. But also needs to be consistent and coherent with wider objectives (including for example promoting density to reduce infrastructure demands). For example, difference in development economics for brownfields versus Greenfields means that we need to be cognisant of the reality of these issues.

Often, IZ is presented as a tax and an expensive way to meet the needs of a few. There are private and social benefits. The largest beneficiaries are those who can now live in affordable and healthy IZ homes in a high economic opportunity area. The extent of benefit can be financial (reduced outgoings) to much longer term (such as health, education opportunities for children in a better-quality school, and residential stability and lifetime outcomes. The likelihood of better lifetime outcomes through reduced housing costs, increased housing stability and living in a low-poverty area usually not counted. We also include estimates of the economic benefits of reduced labour turnover among IZ residents – which accrue to local businesses and the wider community.

We utilised the Treasury's analysis of the impact of planned urban regeneration in Porirua to help us make modest economic benefit estimates from mental health, education, and reduced energy cost estimates. Their analysis covered economic, wellbeing and fiscal domains. We have focused on the economic domain only. The fiscal domain is not relevant in this instance. Wellbeing domain drives large results but are not necessarily a relevant factor in s32 review.

6.1. Who loses?

How the IZ policy is defined will matter a great deal on who bears the costs and who bears the benefits. If house prices increase for example, then existing homeowners will benefit. The benefit to the IZ residents and the wider community are complex to calculate but are positive. The costs, or at least perceived costs, are borne by landowners and/or non-IZ buyers, depending on how elastic the housing market is.

Costs falling on developers may reduce supply of housing, as some projects may become uneconomic. Similarly, supply may slow because increased house prices make them less affordable, reducing demand for new housing.

Economic theory tells us that who bears the cost will depend on the relative elasticity of demand. If home buyers are relatively inelastic, because of the unique amenities of QLDC, then home buyers will absorb the cost. If the price increase is too much and buyer demand reduces (that is the demand is elastic), then developers and landowners will exit the market, delay developments or lower prices, slowing housing supply or reducing the price of land.

Our analysis of QLDC's experience with IZ policy to date does not show any discernible impact on house prices or housing supply.

6.2. Is it really a loss?

The property rights of a landowner are the rights commensurate to current planning provisions. There is a potential value uplift in future planning changes, but there is associated risk. Those planning changes and value uplifts may not happen. Rules may change around flood plains or the imposition of the IZ clauses. This is a risk that a landowner takes when anticipating changes in future planning rules.

Unless the IZ provisions reduce the value of the land at prior use plus the cost of infrastructure provision (which would reduce land and housing supply), then no property right has been reduced. Rather, any extension of property rights would have been conferred by society to the landowner. When it includes IZ, it reduces the additional property rights and associate value uplift conferred to the landowner and subsequently to the developer and home buyer.

New planning provisions also have an impact when implemented, but the impact fades over time. So, if IZ is imposed uniformly and consistently across a broad class of land and developments, then there will be a one off reduction in the value of this class of land, but over time it will not represent additional friction in land supply.

Since our analysis shows that QLDC can supply sufficient number of homes, but that the pace of build is not always high enough and they are not affordable homes. With IZ, we do not need the total quantum of housing supply to increase per se, rather the housing supply to include an affordable portion.

6.3. Estimating the economic benefits

We take a conservative approach in estimating the economic impacts of IZ in QLDC.

The key source of economic benefits arises from secure and proximate housing leading to better labour market outcomes, both through improved employment prospects and reduced turnover.

We also attach modest improvements in mental health outcomes, education outcomes and reduced energy and transport costs.

We also look at a scenario of house price changes. In our high (good) case, we assume no change in house prices consistent with a large body of literature and our analysis of the impact of IZ housing in QLDC. We include a one off 1% increase scenario in house prices in our low case. International literature suggests that house price impacts

Our estimates show that there are significant potential benefits from improved housing outcomes, if they can be crystallised into reduced labour turnover, which is a considerable drain on the local economy.

If house prices increase, then the impact on future homebuyers would largely offset these economic gains.

FIGURE 16: ESTIMATED ECONOMIC BENEFITS OF QLDC IZ POLICY

	Volume	Impact		NPV ($m; @6%)	
Element	Households	Direction	Monetary value	Worst case	Best case
Economic Impact					
Labour turnover[1]	1,000	+	55,000-110,000	27	96
Mental health improvement[2]	1,000	+	366	2	3
Education Outcome[2]	1,000	+	6-20	0	0
Energy & other cost savings[2]	1,000	+	30-200	0	2
House price effect on:					
House price change[3]				1%	0%
Existing homeowners	19,137	+		187	0
New home buyers	17,300	-		-212	0
Total				3	101

(1) Assume that employment rate equals QLDC rate and labour turnover reduces to national rate

(2) Sourced from Treasury's Porirua Regeneration Business Case

(3) We assume no house price change in high case, and 1% increase in low case

Our analytical scenarios reflect the following assumptions:

- Supply is spread over the next 30 years and the Net Present Value (NPV) discounted at 6%.
- Labour turnover of affected households reduces from the QLDC average to the national average. The low case assumes lower monetary value (55,000) and 1 person per household working, and the high case assumes higher monetary value ($110,000) and 1.8 people per household in employment (based on our analysis of the current waitlist for QLCHT).
- The mental health improvement is based on the Treasury (2018) analysis of people moving from unstable to stable housing. We apply them per household.
- Education outcomes are applied to the number of children per household, based on our analysis of QLCHT waitlist and Treasury (2018) analysis.
- Energy and cost savings are applied per household, based on Treasury (2018).
- We show two house price impact scenarios.
    - In our best case, there is no impact on one off impact on house prices. Our analysis of QLDC's experience with IZ does not show any discernible impact on house prices.
    - In our worst case, we assume a 1% one off increase in all house prices (existing and future house prices)[20]. This gives an immediate wealth boost to existing owners but adds cost to future home buyers (which is discounted back to today).
- The net economic impact of IZ scenarios are:
    - Worst case, the costs are benefits are roughly equal (benefits outweigh costs by $3m, discounted at 6% over 30 years).
    - Best case, using conservative assumptions and not including wider wellbeing benefits, the benefits outweigh costs by $101m (discounted at 6%, over 30 years).

[20] In large studies that compare multiple long running IZ policies, they found variable outcomes (Mock 2016). Some had no increase in house prices, others have increase in house prices of 1.0%-2.2%. High impact areas had very different requirements to those proposed in QLDC, so we chose the lower end.

7. Conclusion

QLDC is exploring IZ policy because there is a lack of affordable housing supply. Current prices of houses and rents are high relative to incomes available through many local jobs.

These costs and benefits need to be seen alongside some key questions[21]:

1) Who are the houses for?
2) What are the financial and political costs to the society?
3) To what extent to they offer a vehicle for recapture of land value increments?

International approaches take a slightly different approach to answering these questions and managing arising tensions. These are important tests for our policy development.

Experience of recent years shows that housing supply can be ramped up. But even when that happens, there is not enough supply of affordable homes. Until there is an abundant supply of homes, market provision of affordable housing is unlikely.

IZ is a planning tool to specifically generate affordable housing, the goal. On its own, it can be distortionary. When combined in the context of other policies that facilitate housing supply, these distortions can be mitigated.

Our analysis suggests that from a monetary perspective, the benefits and costs accrue to different cohorts, but that the net impact is positive.

Our analysis of QLDC IZ policy to date show that the common criticisms of IZ policy internationally has not been evident (reduced supply, reduced size, and increased price).

[21] Calavita (2010)

Appendix A – Treasury's outline of potential benefits from improved housing

The benefits for IZ beneficiaries come from a range of sources[22]:

- Subjective wellbeing
  - Subjective value gained from better mental health with better housing
  - Subjective value gained from living in a warmer home and feeling more healthy
  - Subjective value gained from better connection with neighbours
  - Subjective value gained from improved physical health from being more active
  - Subjective value gained from feeling safer
- Physical health
  - Fewer hospitalisations from infectious diseases due to overcrowding. Research from the New Zealand Healthy Homes study identified that reduced overcrowding was associated with a 61% reduction in acute and arranged hospital admissions for children.
  - Fewer incidences of respiratory illness from damp or overcrowded homes, which are estimated by Treasury to cost around $800 per person.
  - Being more active via active transport modes (reduced reliance on long commutes) improves fitness reduces diabetes and cardiovascular disease risk
- Mental health
  - Fewer specialist visits from improved mental health. For example, research suggests reducing overcrowding can reduce the risk of diagnosed mental health disorders in children by 15%.
  - Better employment outcomes and a more productive workforce from reduced feeling of depression
  - Improved productivity from reduced feeling of depression

[22] Treasury (2018)

- Education
    - Improved school attendance from better health outcomes
    - Improved performance at school with less disruption in the home environment
    - Better school attendance and progression to higher education from neighbourhood effects
    - Improved housing stability
- Cost savings
    - Reduced electricity costs from more energy efficient homes
- Jobs/training
    - Improved job and incomes prospects accessing a higher opportunity neighbourhood

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SENSE PARTNERS

DATA LOGIC ACTION

Summary of Submissions: Queenstown Lakes District Council Planning for Affordable Housing Initiative

January 2022

Introduction

The Queenstown Lakes District Council (QLDC or Council) has undertaken consultation on the Council's draft Homes Strategy and possible affordable housing provisions that may be incorporated into the QLDC district plan (the 'planning for affordable homes initiative').

This report provides a summary of the submissions received on the affordable housing component of the consultation undertaken over August and September 2021. This report does not respond to the views expressed in the submissions, rather it identifies key issues that will be taken into account in the s32 analysis and reporting for the possible plan change.

Context

QLDC are considering whether there should be a district plan requirement on new housing developments to incorporate affordable housing in the form of residential lots or units sold at an affordable price, or through the transfer of land or money to the Council for the purpose of providing affordable dwellings (sometimes referred to as inclusionary zoning or 'IZ').

The Council has developed four potential approaches to inclusionary zoning based on findings from previous experience with inclusionary zoning, analysis of housing demand and reporting on anticipated costs and benefits of an inclusionary zoning policy, in the longer term. The four options are:

- Option 1: Update the District Plan to reduce and remove controls that affect affordability, and at the same time, negotiate with developers to provide retained affordable housing when Council is able
- Option 2: Update the District Plan to provide a bonus/incentive to developers for the provision of retained affordable housing
- Option 3: Update the District Plan to implement a mandatory requirement for developers to include some retained affordable housing – applied to new developments only
- Option 4: Update the District Plan to implement a mandatory contribution to include some retained affordable housing – applied to both new development and redevelopments.
- Or none of the above.

Consultation Process

Public consultation (under the Local Government Act) on the Homes Strategy and affordable housing initiative was held from 16 August to 26 September 2021. A variety of methods and materials were used to invite feedback and engagement, including:

a) Newspapers and radio

b) Social media tools and QLDC website

c) Web site and feedback form.

The following background reports were all available online:

- Working Paper and Draft Provisions
- Issues and Options - Planning for Affordable Housing
- Economic Case for Inclusionary Zoning
- Valuation Report for Inclusionary Zoning – June 2020
- Valuation Report for Inclusionary Zoning - March 2021
- Legal advice to QLDC – Alternative Approaches to Addressing Housing Affordability
- Streamlined Planning Process Factsheet.

The Council received 52 emailed submissions and 156 submissions through the Planning for Affordable Housing Survey. (See appendix A and B for summary of submissions received through these channels).

The emailed submissions were generally from lawyers representing property developers or land holders, while the survey responses tended to be from individuals or environmental or community groups.

Approach to analysis

This report provides a summary of the submissions. Each submission has been classified according to the type of submitter (individual, non-government organisation, consultants and lawyers representing a variety of landowners and developers etc). As part of the analysis, it was noted which of the four possible inclusionary zoning options was the preferred option, if any, and whether they provided any other comments or information.

Submissions through the Planning for Affordable Housing Survey

In total 156 responses were received (151 Individual responses and 5 responses from public bodies and housing/ community groups) through the on-line Planning for Affordable Housing Survey. The survey sought feedback on which option was supported and asked respondents to explain their stance on them and whether they had any suggestions to improve them or any other comments.

Survey respondents generally favoured option 4 (71.2% of responses) of the affordable housing initiative; that is, update the district plan to implement a mandatory contribution to include some retained affordable housing – applied to both new development and redevelopments.

Table 1: Survey responses to which option was preferred

Option 1	7.1%
Option 2	4.5%
Option 3	10.3%
Option 4	71.2%
None of the above	6.4%

Respondents generally in favour of options 1 and 2 commented that it is better to incentivise IZ rather than make IZ mandatory. Respondents generally in favour of options 3 and 4 commented that it was better to make it mandatory to ensure the provision of affordable housing.

Respondents in favour of option 3 commented that:

- an unintended consequence is that it may lead to degradation of existing housing stock in older suburbs
- the IZ initiative should apply to greenfield developments only.

Respondents in favour of option 4 commented:

- the option will help ensure there is a pipeline of affordable housing over the long term
- it is a more robust option than the others
- provides QLDC with a leadership opportunity for the rest of NZ
- the scheme should have an eligibility criterion i.e., income levels and/or a preference for first home buyers
- ensure affordable prices or rents or rent to own scheme and that the strategy will help keep people in the area and ensure stability in the area
- provide a range of housing opportunities in brownfield and greenfield developments to enable housing options for various stages of life and circumstance.

Respondents generally opposed to or concerned with the options 3 and 4 commented that:

- they won't be effective, and it will inflate house/development costs; a select few will benefit and costs will be passed onto purchasers
- compliance/planning costs will increase
- the provision of higher density housing will better address affordability as will living wages
- infrastructure contributions would be a better priority.

Specific Points

Forty four percent of responses had suggestions that they thought could improve any of the four possible inclusionary zoning options. The following general opinions were evident from the submissions:

- the Community Housing Trust is doing a great job, however simply increasing the supply of zoned land won't fix the problem
- the Housing Trust's shared equity schemes need to be further developed to make sure first time buyers can't on sell for a profit and the houses stay affordable long term and in the community
- one submission suggested Council provide properties to qualifying residents on a long term lease subject to income thresholds and that short term worker accommodation to cater for seasonal workers needs to be addressed
- the aim should be to increase the volume of affordable housing to more than 1,000 inclusionary zoned houses within the next 30 years.

- there should be criteria for the potential recipients of the affordable housing scheme, such as they should be below a specified income threshold and/or first home buyers, live in the area for a specified time period, for example
- housing should be encouraged where there is adequate planned infrastructure and to facilitate high density housing located near public transport and parks, for instance. Several comments related to the provision of adequate infrastructure provided by Council to support more intense development e.g. improved roads, footpaths
- some submissions commented that higher density housing in particular should be encouraged including different typologies of housing, i.e. family homes, duplexes, terrace, apartments, tiny houses wherever possible
- other submission commented higher densities will exacerbate existing issues such as peak hour traffic problems and lack of private open space
- QLDC should consider what incentives could be utilised to stimulate the redevelopment and densification of brownfields e.g. fast-tracked and streamlined consenting timeframes or up-zoning land for higher density homes
- the Council should examine the possibility of "Linkage Zoning" to supplement Inclusionary Zoning
- the effect of short-term visitor accommodation has on the housing market should be identified and that the strategy should ensure that affordable housing it is not used for this purpose. Some submissions went further and proposed there be a limit on short term holiday visitor accommodation able to be provided in a development or an increased rate on holiday houses to try to discourage them
- the trigger for the requirement should be proportionate to the size/number of developments
- some submissions suggested affordable housing can also be provided by other methods, such as price capping, taxes on second/third homes, develop Council land and other initiatives practiced overseas.

Emailed Submissions

52 emailed submissions were received, as follows:

- 1 joint submission from Ministry of Housing and Urban Development (HUD) and the Ministry for the Environment (MfE)Government
- 5 from public bodies and housing/ community groups and QLD Chamber of Commerce
- 27 emailed submissions from consultants and lawyers representing a variety of landowners and developers
- 14 individuals and planners and lawyers.

List of Written Submitters

Ministry of Housing and Urban Development (HUD) and the Ministry for the Environment (MfE)
Shaping Our Future Inc
Queenstown Lakes Community Housing Trust (QLCHT)
Southern District Health Board
Anderson Lloyd for: Jacks Point Village Holdings Limited, Bergen Trust, Glendhu Bays Trustee ltd, Glendhu Station Properties Limited, Henley Downs Farm Holdings Limited, Henley Downs Land

Holdings Limited, Jacks Point Land Limited, Jacks Point Village Holdings No 2 Limited, Jacks Point Village Phase 2 Limited, LAC Property Trustees Limited, Lane Hocking, Maryhill Limited, Mount Cardrona Station Village Limited, Mt Christina Limited, Universal Developments Hawea Limited, Universal Developments Limited, Willow Pond Farm Limited.
James Gardner-Hopkins for Cardrona Village Limited, Gibbston Valley Station, Kingston Flyer interests, and others
Russell McVeagh for Winton Property Limited ("Winton")
Southern Planning Group ("SPG") has been engaged on behalf of NTP Development Holdings Limited ("NTP")
Todd Walker Law
Fulton Hogan Land Development Limited (FHLD) Town Planning Group
Brookfields lawyers for Remarkables Park Limited
RCL Henley Downs Limited ('RCL') John Edmonds & Associates
Nadia Lisitsina Jacks Point
Rebecca Wolt (Barrister) for Trojan Helmet Limited and Boxer Hill Trust
Deb Beadle
Rachel (no surname provided)
Cath Gilmour
Susan Rowley
CCS Disability Action
Protect our Winters
Queenstown-Lakes District Chamber of Commerce & Industry
Willow Ridge Developments Ltd
Home Performance Training Programme
Flight Plan 2050

In terms of support or opposition to the options, most of the submissions opposed options 3 and 4.

Table 2: Written submissions - which of the four possible inclusionary zoning options is preferred?

Option 1 or none of the options supported	67%
Option 2	3%
Option 3	2%
Option 4	21%
General support, no option specified	7%

35 submissions expressed no support for any of the options, and if any of the options had to be chosen there was a contingent preference for option 1. There was one submission in favour of a combination of options 1 and 2; two in support of option 3; eleven (mainly individual and public body submitters) preferred option 4 with 1 specifying a combination of option 1 and 4; and a number of submitters who supported IZ but don't specify an option.

Submitters who preferred no option/option 1 overwhelmingly considered that there was insufficient detail provided on options 1 -3 compared to the Council's preferred option 4 and this had skewed the feedback. In addition, it was felt that no reasoning has been provided as to why the current regime of case-by-case negotiations for affordable housing contributions has not worked, with the Council's 'Working Paper' confirms the significant proportion of affordable housing that has been provided from private sector / developers to date. Furthermore, submissions indicate that the significant majority of community housing has been provided by private sector development and that the provision of community housing has not only been achieved through Special Housing Areas but has been the result of a workable relationship between the Queenstown Lakes Community Housing Trust and developers. It was also expressed this is a cost borne by the developer, and that different negotiated outcomes are unique and provide for social contributions in different ways and depend on the type of development.

MFE/HUD would prefer to see some level of option 1 included within option 4.

General themes emerging from the written submissions

Submitters generally opposed to or concerned with the possible district plan changes commented as follows:

- the draft provisions are highly discretionary and provide for a range of percentage contributions that would vary significantly between different developments and will discourage larger scale development
- the policy basis for this strategy is unclear
- an IZ requirement will potentially result in a reduction in the supply of housing and increase housing prices and these costs will be passed on to buyers or make development unviable
- to support their arguments some submitters commented that IZ would discourage bank lending, add risk, there has been no consultation with developers in terms of future viability, it would encourage development in areas other than QLDC and potentially make housing more unaffordable for middle income earners. Also, it will result in increased monitoring and compliance costs
- some of the submitters offered to meet with Council prior to the Council progressing its strategy to discuss solutions
- insufficient analysis and consultation has been provided particularly in the analysis of options 1 -3, as compared to the Council's preferred option 4. Some submissions were also concerned that QLDC has not included, as an option for feedback, that there should be no Inclusionary Zoning tax at all. It was felt that the above-mentioned issues would skew feedback
- there were also submissions requesting that the provisions should not apply to rural residential development because there has been no analysis of the impacts of the proposal on this type of development
- the provision of housing is a social policy issue better addressed by central government and should not be addressed under the RMA
- IZ is contrary to the National Policy Statement on Urban Development 2020 and the Enabling Housing Supply and Other Matters Amendment Bill
- other options should be considered such as non-regulatory actions like the development of council-owned land and rate and taxpayer support for the community housing sector to spread the burden more equitably. Compulsory acquisition powers, and associated compensation requirements of the Public Works Act 1981 represent a far more appropriate and fair response
- planning measure such as increased densities within the District Plan (such as those provided for under the NPS UD), or through supportive actions associated with the provision

of infrastructure / transport in terms of increasing the supply of residential units will better assist in housing affordability
- the use of the Streamlined Planning Process (SPP) is not supported or inappropriate as it removes appeal rights on merit. This proposal contains complexities, is a new policy direction for QLDC and no other Council in NZ has successfully implemented inclusionary zoning mandatory contributions, and these should be tested at an Environment Court level rather than only at a Council or Ministerial level
- specific exemptions were requested such as seeking exclusion of the Resort and Rural Visitor Zones from the proposed financial contribution provisions and enabling an exemption or an exemption process for development that has some other social good, such as to support historic heritage (like the Kingston Flyer)
- Council has not made its retrospective intentions clear in its consultation. Inclusionary Zoning tax should only apply to any new zoning or resource consent granted following the provisions having legal effect, otherwise it is unreasonable and undermines exiting agreements.

Submitters generally in favour of options 3 or 4 commented as follows:

- identify or prioritise housing for local families, key workers
- conditions on resultant affordable housing to ensure them to be permanent
- compulsory inclusionary zoning contribution be applied to be appreciably higher than the 5%
- restrict the proportion of new developments or redevelopments i.e. to no more than 10% Residential Visitor Accommodation
- use a feasibility model to test the potential impact of IZ on the supply of feasible capacity, particularly in the short to medium term.

Other matters raised:

- housing quality is important, such as greenstar rating
- provide education that promotes environmentally and affordable homes especially to developers /providers of homes including providing a free eco-design service
- the council should incorporate accessibility into the strategy and action plan particularly by promoting Universal Design and the Lifemark® standards to ensure accessible housing options are increased
- acknowledgement of affordable home partnerships such as kiwibuild, Queenstown Lake Community Housing Trust and how they will work and fit in with the strategy
- the strategy encourages high density in greenfields due to low land costs rather than where its more appropriate and has adequate infrastructure
- should target large hotels/resort, commercial premises etc should also contribute and major employees such as ski field operators should also provide housing.

Particular Issues for consideration in the s32 evaluation

Particular issues raised through the consultation that may have an impact on the rationale and justification of any affordable housing provision under section 32 of the RMA include:

Clarity of purpose / outcome

The outcome or objective to be achieved should be well articulated. Any IZ provisions should be:

- be clear on the outcomes sought for the Queenstown Lakes District;
- not be a standalone solution and be used in tandem with other interventions targeting affordable housing (such as – the public housing build, build-to-rent, shared equity schemes, rent to buy, Kiwibuild);
- well designed and signalled well in advance (and with relative agreement across the local community and political spectrum, so that there is certainty); and
- fully consider impacts on developer behaviour.

Legislative base

Submissions questioned the legislative basis of an IZ requirement. They noted that while affordable housing as a concept might be supported through policy and objective outcomes, specific contribution mechanisms of land or money may go beyond the RMA section 5 purpose to 'promote the sustainable management of natural and physical resources', as well as Council's functions under section 31. The Council should demonstrate that the need for affordable housing is "directly connected" to adverse effects of proposed housing developments on the environment (on which it intends to impose financial contributions). Providing for Inclusionary Zoning by way of financial contributions may be ultra vires, or at least is highly contentious, and will be the subject of legal challenge. Several submissions mentioned or included a summary of the recommendations of the Auckland Unitary Plan Independent Hearings Panel and Plan Change 24 to support their arguments.

Impact of easing supply constraints.

QLDC is required to give effect to the objectives and policies of the NPSUD as soon as practicable. The extent to which enabling greater supply of housing and removing overly restrictive rules that affect development outcomes in QLDC's urban areas should first be established.

Impact on supply in the short to medium term.

Many respondents commented that IZ would discourage bank lending, add risk, there has been no consultation with developers in terms of future viability, it would encourage development in areas other than QLDC and potentially make housing more unaffordable for middle income earners. Also, it will result in increased monitoring and compliance costs.

Others, such as MfE/HUD noted that, if well-designed and signalled well in advance the cost of IZ will primarily fall on landowners in the long-term. Taking this approach, the cost is a reduction in future value gain, rather than a direct out-of-pocket cost and would get factored into land values and pricing of developable land, recognising the desired outcome from IZ. There is, however, a potential risk to short-medium term feasibility that could have detrimental impacts on the supply of housing by the market, if not managed well. Careful consideration of transition to, and implementation of IZ is essential to mitigate this potential risk.

Conclusion

21% of the emailed submissions and 71.2% of the survey respondents favoured option 4 and commented that it was better to make IZ mandatory to ensure the provision of affordable housing. The survey responses tended to be from individuals or environmental or community groups.

67% of emailed submissions and 21% of the survey responses expressed no support for any of the options, and if any of the options had to be chosen, then there was a contingent preference for option 1. The emailed submissions were generally from lawyers representing property developers or land holders.

From all the submissions, the following common themes emerged:

- mixture of support and opposition to IZ
- possible unintended consequences such as development of greenfield land rather than existing land close to town and infrastructure due to costs, slowing housing supply
- affordable housing is a social policy issue better addressed by central government
- extent of any IZ scheme needs justification, e.g. are Resort and Rural Visitor Zones to be included
- affordable housing concerns should be addressed through removing density controls and making it easier to undertake town house developments, tiny houses and the like
- Insufficient analysis of options especially 1-3
- Need to test the potential impact of IZ on the supply of feasible capacity, particularly in the short to medium term.

Appendix A Summary of submissions: Submissions through the online survey: Queenstown Lakes District Council Planning for Affordable Housing

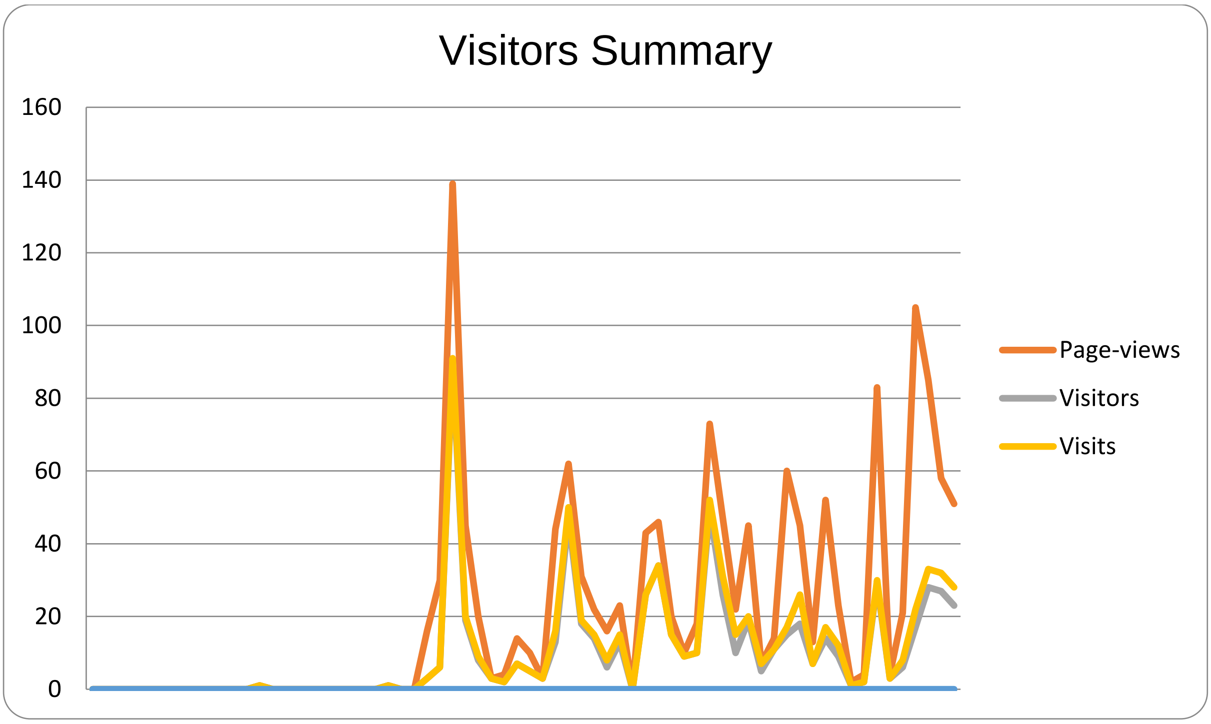
Public consultation on the Homes Strategy and affordable housing as it relates to inclusionary zoning (IZ) as a method to implement the strategy was held from 16 August to 26 September 2021.

The Council recorded 156 survey responses through the web site. This summary sets out responses via the survey. Appendix B addresses the submissions received via email.

Responses

A total of 821 visits were recorded and 156 individuals or groups participated in the survey. 113 visitors to the website downloaded documents, resulting in 276 downloaded documents. The feedback survey had 251 visitors.

Figure 1: Website Survey:



Most respondents were in the 30 to 45 age band, lived in Queenstown Lakes District and rented.

Figure 2: Age profile of respondents

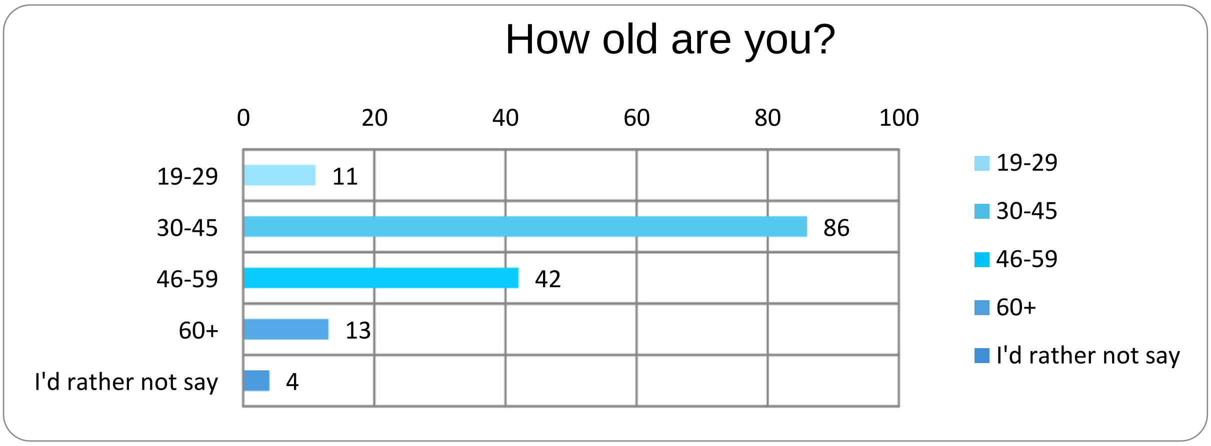


Figure 3: Home location of respondents

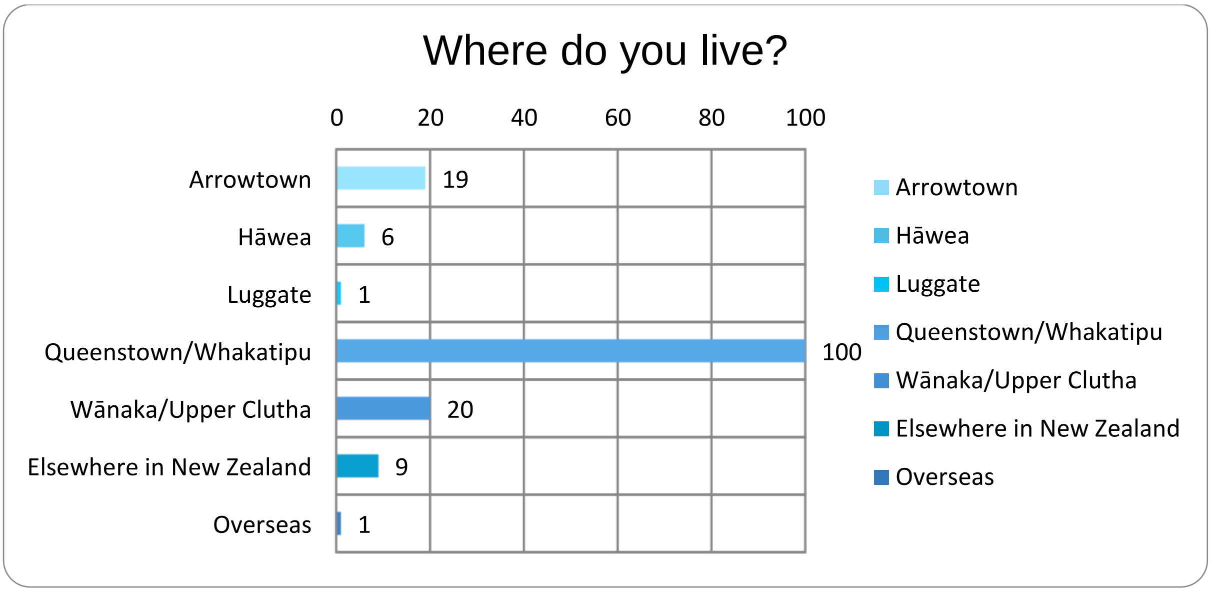
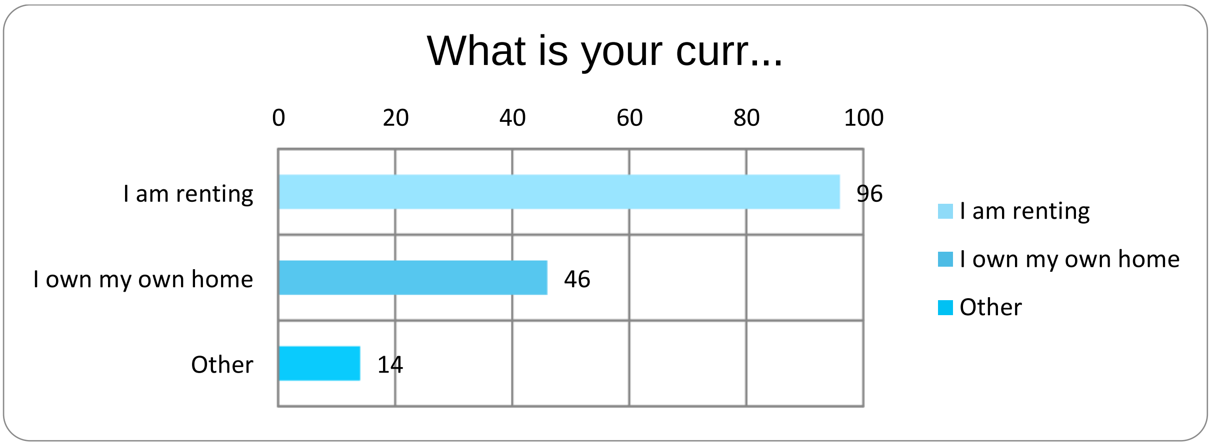
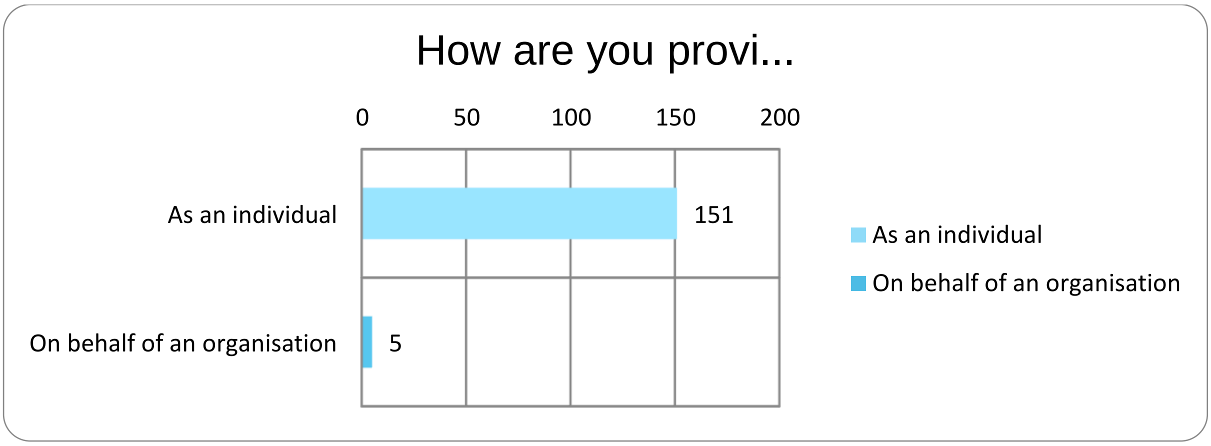


Figure 4: Current living situation



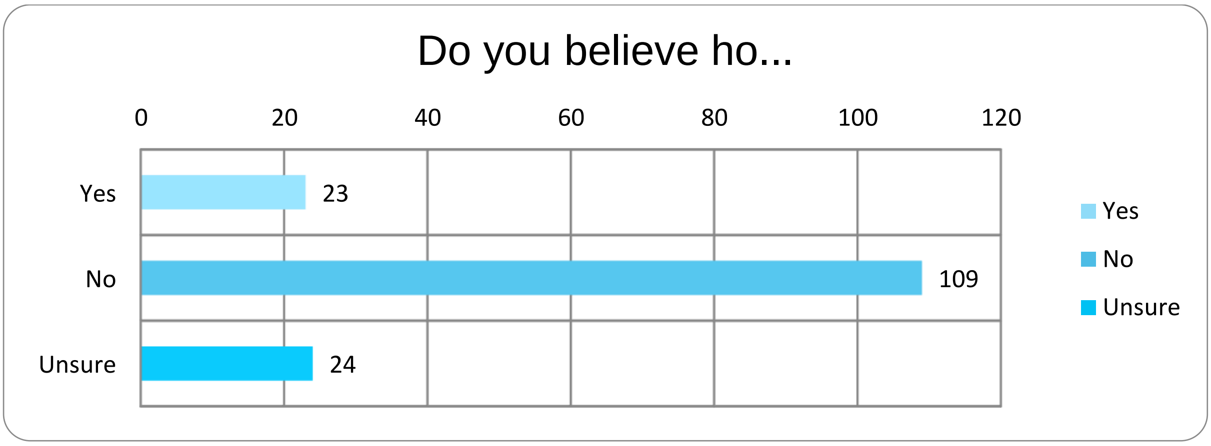
Rent	61.5%
Own	29.5%
Other e.g. assisted home ownership trust, hostel	8.9%

Figure 5: How are you providing feedback?



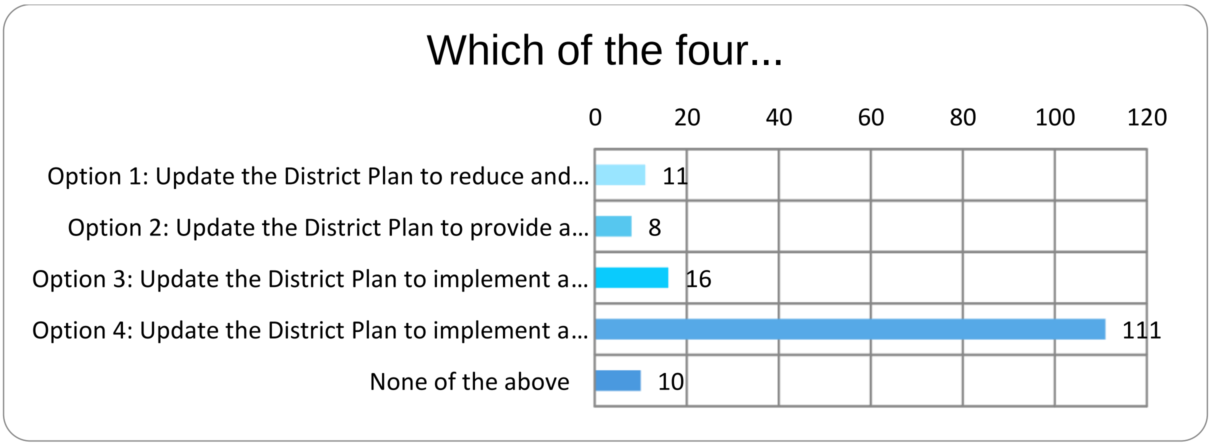
Individual	96.8
Organisation e.g. Community Housing Provider	3.2%

Figure 6: Do you believe home ownership is attainable in the Queenstown Lakes District?



No	69.9%
Yes	14.7%
Unsure	15.4%

Figure 7: Which of the four possible inclusionary zoning options is your preferred option?



Option 1	7.1%
Option 2	4.5%
Option 3	10.3%
Option 4	71.2%
None of the above	6.4%

Please explain your stance on the four possible inclusionary zoning options:

Comments	66%
No comments	34%

Common points emerging from the comments

Option 1 and 2

- Generally better to incentivise provision of affordable housing rather than make mandatory
- Change consent rules for lifestyle blocks to allow more dwellings
- Encourage higher density housing

Option 3:

- Better to make mandatory to ensure the provision of affordable housing
- May lead to degradation of existing housing stock in older suburbs
- Just apply to greenfield developments

Option 4:

- Will help ensure affordable housing is provided in the long term
- Will ensure a pipeline of affordable housing
- Provides QLDC with a leadership opportunity for rest of NZ
- Should be a preference for first home buyers to be eligible for the scheme

- This strategy will help keep people in the area
- Make a set % that developments must contribute/provide
- Provide a range of housing opportunities in brownfield and greenfield developments to enable housing options for various stages of life and circumstance
- Promote rent to own schemes

None of the options:

- It won't be effective
- It will inflate house/development costs and will be subsidising affordable housing, for example If developers are required to set aside / contribute 10% of the development to Council or an affordable housing trust then developers will have to increase their price by 10% to make it feasible, which in return simply pushes out further the cost of housing to majority of residents who won't qualify for affordable housing.
- A select few will benefit
- The provision of higher density housing will better address affordability
- Better to address wage issues
- The compliance/planning costs will increase
- Make infrastructure contributions a priority.

Do you have any suggestions that could improve any of the four possible inclusionary zoning options?

Suggestion	44%
No Suggestions	56%

Themes emerging from the comments on possible improvements

- The community housing trust is doing a great job, however simply increasing supply of zoned land won't fix the problem, housing trusts, shared equity schemes need to be further developed
- If Options 3 or 4 were adopted then it should only be for "greenfields" land not already zoned residential, i.e. rural land rezoned to residential.
- Recipients should be below a specified income threshold and/or first home buyers
- Facilitate high density housing located near public transport and parks
- Encourage resident-led developments
- Make sure there is adequate planned infrastructure
- Encourage development and densification and different typologies of housing i.e. family homes, duplexes, terrace, apartments, tiny houses wherever possible.
- QLDC should consider what incentives could be utilised to stimulate the redevelopment and densification of brownfields e.g. fast-tracked and streamlined consenting timeframes or up-zoning land for higher density homes
- Examine the possibility of "Linkage Zoning" to supplement Inclusionary Zoning
- Less red tape
- Scheme should only be for residents in the region and limit short term holiday rentals
- Increase rates on holiday houses
- Limit the amount of short term visitor accommodation able to be provided in a development
- Add more than 1,000 inclusionary zoned houses within the next 30 years.

- All developments should include affordable, high quality housing and biodiversity restoration or shared community asset.
- Do not cover all available green spaces with affordable housing (especially ladies mile)
- Impose penalties for development that is not beneficial to the community
- Should only apply to redevelopment of existing sites over 5 units
- Ensure there are options under a first house scheme
- Make sure buyers helped by the Housing Trust can't sell and profit and only help first time buyers e.g. houses stay in community
- Limit selling price of existing houses
- Incentivise affordable housing
- Percentage affordable should be proportionate to the size/number of developments
- Option 4 is more robust, likely to deliver outcome
- Council needs to provide adequate infrastructure e.g. roads, footpaths
- More efficient planning process are needed
- Increase the effective income of the low-wage members of the community.

Do you have any other comments you wish to make?

Yes	25%
No comment	75%

Other comments not already summarised:

- Affordable housing can also be enforced by other rules, such as price capping, taxes on second/third homes
- Develop Council land and other use similar initiatives practiced overseas.
- Appreciative of view being sought
- High density will exacerbate problems already e.g. traffic, private open space.

Appendix B Summary of submissions: emailed submissions: Queenstown Lakes District Council Planning for Affordable Housing

Submitter	Which of the four possible inclusionary zoning options is the preferred option?	Summary of submission points
Southern District Health Board	Support option 4	• Strong support for option 4 & ensure homes meet warm & dry-greenstar rating of 8. • Commend QLDC for undertaking work.
Anderson Lloyd: -Jacks Point Village Holdings Limited -Bergen Trust -Glendhu Bays trustee ltd Glendhu Station Properties Limited - Henley Downs Farm Holdings Limited - Henley Downs Land Holdings Limited - Jacks Point Land Limited Jacks Point Village Holdings No 2 Limited - Jacks Point Village Phase 2 Limited - LAC Property Trustees Limited	Option 1 favoured Insufficient detail has been provided in the analysis of options 1 -3, as compared to the Council's preferred option 4. No clear reasoning has been provided as to why the current regime of case-by-case negotiations for affordable housing contributions has not worked. To the contrary, Council's 'Working Paper' confirms the significant proportion of affordable housing that has been made from private sector / developers to date.	• Consider other options of non-regulatory actions such as the development of council-owned land and rate and taxpayer support for the community housing sector. • Land banking is a major issue to supply of land for housing in QLDC, and 'option 4' is likely to further exacerbate this and there has been insufficient analysis of IZ to this context. • Provisions are highly discretionary and provide for a range of percentage contributions that would vary significantly between different developments and will discourage larger scale development, potentially resulting in a reduction in the supply of housing and increased housing prices. These costs will be passed on to buyers or make development unviable. • Insufficient consultation with developers. • Potential to change previous agreements based on the assessment of planning staff, as to whether objectives are achieved, is unreasonable. • The use of the Streamlined Planning Process (SPP) is not supported as it removes appeal rights on merit. • Other options should be considered in accordance with section 32. • The provision of housing is a social policy issue and should not be addressed under the RMA. The strategy goes beyond the section 5 purpose to 'promote the sustainable management of natural and physical resources. It is potentially vires and has not been tested by the Court system. A territorial authority has functions under Section 31 of the Act to control any actual and potential effects of use, development, or protection of land. The functions of the

Submitter	Which of the four possible inclusionary zoning options is the preferred option?	Summary of submission points
- Lane Hocking - Maryhill Limited - Mount Cardrona Station Village Limited - Mt Christina Limited - Universal Developments Hawes Limited - Universal Developments Limited - Willow Pond Farm Limited		territorial authority, therefore, do not relate to the positive provision of services for the public but relate to controlling adverse effects.
Cardrona Village Limited: James Gardner-Hopkins	Don’t support any option,	• The consultation is flawed and unlawful as QLDC has not included as an option for feedback that there should be no Inclusionary Zoning and therefore is significantly skewing the feedback to focus on the options provided. • Inclusionary Zoning is outside the scope of the RMA. Council have not demonstrated that the need for affordable housing is “directly connected” to adverse effects of proposed housing developments, on the environment (on which it intends to impose financial contributions). • The financial contributions it proposes to impose are not proportional or fair to all developers, it’s efficiency or effectiveness has not been tested, nor the added cost to developers and buyers. • Alternatives could include rating increase that spreads the burden more equitably across the entire rating base (current and future) while also targeting those who might appropriately contribute more. • Providing for Inclusionary Zoning by way of financial contributions is ultra vires, or at least is highly contentious, and will be the subject of considerable challenge. • The SPP process is inappropriate in the circumstances. If the Council persists with any Inclusionary Zoning option, then it should be progressed through the usual Schedule 1 process, not the SPP process.

Submitter	Which of the four possible inclusionary zoning options is the preferred option?	Summary of submission points
Gibson Valley Station James Gardner-Hopkins	Don’t support	• In addition to above the submitter seeks exclusion of the Resort and Rural Visitor Zones from the proposed financial contribution provisions.
Kingston Flyer interests James Gardner-Hopkins	Don’t support	• In addition to submissions above the submitter considers that enabling an exemption process for development that has some other social good, such as to support historic heritage (like the Kingston Flyer).
Others James Gardner-Hopkins	Don’t support	• Council has not made its retrospective intentions clear in its consultation for the bringing in of the Inclusionary Zoning tax.
Fulton Hogan Land Development Limited (FHLD) Town Planning Group	Strongly opposed	• The consultation process is fundamentally flawed. • The Inclusionary Zoning options 1-4 are all opposed. • Increased densities within the District Plan (through up zoning, greenfield zoning or other means), or through supportive actions associated with infrastructure / transport provide a more direct response in terms of increasing the supply of residential units, assisting in housing affordability. • The Government’s response is considered the most appropriate responses to addressing the issues of housing affordability in New Zealand. • The RMA reforms may affect housing affordability measures. • FHLD consider that the compulsory acquisition powers, and associated compensation requirements of the Public Works Act 1981 represent a far more appropriate and fair response than the preferred option for inclusionary zoning. • Providing for Inclusionary Zoning by way of financial contributions is ultra vires, or at least is highly contentious, and will be the subject of considerable challenge e.g. AUP IHP process. • Council has not made its retrospective intentions clear in its consultation for the bringing in of the Inclusionary Zoning tax.

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		• It will increase the costs of housing for the vast majority of the community.
Todd & Walker Law	Option 3 should be implemented instead of or alongside Option 4 to enable developers to provide for affordable housing themselves.	• Considers that if the provisions are going to be proposed they should only apply to any new zoning or resource consent granted following the provisions having legal effect. • This would enable developers to provide for affordable housing themselves rather than paying a financial contribution to Council.
Remarkables Park Limited Brookfields lawyers	Does not support any of the options proposed by the Council. It considers that Option #1 is preferable (the status quo) provided it is linked to urban residential development.	• The vires of the proposed provisions was never ultimately resolved and recent comments in respect of the Auckland Unitary Plan process cast considerable doubt on the vires of such provisions (as set out in the summary of the recommendations of the Auckland Unitary Plan Independent Hearings Panel regarding proposed affordable housing provisions). • Questions the timing of Council proposal and fails to address the impact of Covid. • Potentially result in increased costs, increased monitoring and compliance costs and increase housing prices. These costs will be passed on to buyers or make development unviable. • Affordable housing is a central Government matter not something to be applied district by district. • RPL would recommend that the Council actively engage in discussions with developers on the issue of affordability and alternative potential solutions. • Enable appropriate and diverse housing as per DP review & improve council regulatory processes.
Nadia Lisitsina, Jacks Point	does not support any of the options proposed by the Council as is not definitive and lacks solutions	• Major disadvantages of all proposals is costs being passed onto to buyers. • May see high density encouraged in green fields due to low land costs rather than where its more appropriately zoned and has adequate infrastructure. • Should target large hotels/resort, commercial premises etc should also contribute and major employees such as ski field operators should also provide housing. • Prioritise housing for key workers.

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Trojan Helmet Limited and Boxer Hill Trust Rebecca Wolt Barrister	Support intent overall and if affordable housing provisions are to be included in QLDC's Proposed District Plan then prefer option 1&2	• Regulation should be left to central government to ensure a consistent and equitable approach. • Council's evaluation in part 7 of the Issues and Options – Planning for Affordable Housing document (21 June 2021) does not establish any clear relationship between new residential development and lack of affordability. • Provide for compact and integrated urban forms. • If Option 4 is pursued by the Council, it should have a clear future commencement date so that all downstream costs can be factored in accurately prior to land purchase by the developer. • The provisions under any option should not apply to the PDP's Resort Zones • If the inclusionary provisions under Options 3 or 4 are to be included in the PDP, it should be explicit that the provision for staff accommodation in the resort zones would satisfy the strategy's intent. • The provisions should not apply to rural residential development because there has been no analysis of the impacts of the proposal on this type of development. • The SPP process is inappropriate in the circumstances.
Rachel	Support making it mandatory	• Ensure housing is available for local families not holiday homes.
Deb Beadle	Support option 4	
Cath Gilmour	Support option four	• Agree brownfields sites should be included.
Southern Planning Group ("SPG") on behalf of NTP Development Holdings Limited ("NTP")	Support option 1&2 with more information needed on both	• Support incentive based schemes e.g. options 1&2; options 3-4 will increase costs and be passed onto purchasers. • No acknowledgement in council's analysis of role of affordable home partnerships e.g. kiwibuild. • Alternatives such as removal of DP controls e.g. allow greater heights and min densities in identified areas e.g. town centres and rebates.

Submitter	Which of the four possible inclusionary zoning options is the preferred option?	Summary of submission points
Shaping Our Future Inc	Support option 4	• Ensure conditions on resultant affordable housing to enable them to be permanent. • Compulsory inclusionary zoning contribution be applied to be appreciably higher than • the 5%. • Restrict the proportion of new developments or redevelopments to no more than 10% Residential Visitor Accommodation.
Susan Rowley	Support option 4	• Ensure conditions on resultant affordable housing to enable them to be permanent. • Maintain a balance between providing accommodation and preserving landscape features.
RCL Henley Downs Limited ('RCL') John Edmonds & Associates	Support subject to proviso	• Exempt developments from Affordable Housing provisions where agreements with QLDC for the provision for affordable housing measures already exist.
Ministry of Housing and Urban Development (HUD) and the Ministry for the Environment (MfE)	Support Option 1 and 4	• MfE would prefer to see some level of option 1 included within option 4. • Use of SPP would require discussions with MfE to ensure that it aligns with key criteria and gives effect to the National Policy Statement on Urban Development 2020. • Advantages of using Queenstown Lake Community Housing Trust in any ongoing implementation of IZ in Queenstown and policy and procedures required. • Quantifying the potential impact from the proposed IZ policy in terms of the scale of retained affordable housing and the most efficient use of land i.e. type of housing. • Other initiatives and tangible planning mechanisms (e.g. exclusionary zoning policies) should be pursued. • Using feasibility model to test the potential impact of IZ on the supply of feasible capacity, particularly in the short to medium term.
Russell McVeagh For Winton Property Limited ("Winton")	Does not support any of the options	• Considers this tax would place further financial constraints on developers and will limit the supply of housing, which is central to housing affordability. • Contrary to the National Policy Statement on Urban Development 2020.

Submitter	Which of the four possible inclusionary zoning options is the preferred option?	Summary of submission points
		• Focus on removing constraints to the supply of housing. • Contrary to the (Enabling Housing Supply and Other Matters) Amendment Bill.
Queenstown Lakes Community Housing Trust (QLCHT)	Support outcome 4	• QLDC should update the District Plan to implement a mandatory contribution to include some retained affordable housing – applied to both new development and redevelopments (Option 4).
CCS Disability Action	Does not specify	• Recommend that the council incorporate accessibility into the strategy and action plan particularly by promoting Universal design and the Lifemark® standards to ensure accessible housing options are increased.
Protect our Winters	Supports all of the options	• Ensure there is adequate long-term rentals to a liveable standard available and place a tax on long term empty houses. • Developers responsible for funding community facilities. • Scrap or ease covenants on new builds. • Provide affordable high-density housing that have high energy efficiency and insulation standards. • Increase access to worker accommodation and look to overseas examples.
Queenstown-Lakes District Chamber of Commerce & Industry	Option 1 &2	• Doesn't support IZ & should not be mandatory for private developments, should be voluntary and rewarded with incentives. • Should advocate for central government support for IZ.
Willowridge Developments Ltd	Does not support any of the options	• IZ will create a barrier to development & will make housing affordability worse. • Work with developers to achieve affordable housing & meet with developers prior to progressing strategy to discuss solutions.
Flightplan 2050	Doesn't specify	• Include in strategy the densification of Frankton Flats. • DP is too rigid and too costly to build quality design. • Empty holiday homes contribute to housing affordability issues and should be discouraged.

Submitter	Which of the four possible inclusionary zoning options is the preferred option?	Summary of submission points
		• All strategies are a tax on development. Council should promote compact housing choices and form alliances to achieve affordable housing. • Supports provision of zoning for mixed housing types including single level housing suitable for retirees. • Agree make affordable housing provision mandatory and ensure its available for local families as permanent homes.
Home Performance Training Programme	Does not support any of the options	• Provide education that promotes environmentally and affordable homes especially to developers /providers of homes including providing a free eco-design service to encourage smaller, efficient, well located, eco-friendly homes & diverse neighbourhoods. • Fund repairs & maintenance for low-income homeowners. • IZ will make housing affordability worse and encourage urban sprawl. • Large employers should also contribute to IZ such as ski field operators and should also provide housing. • Identify & prioritise key workers who will benefit from IZ policies.