

**BEFORE THE HEARINGS PANEL  
IN QUEENSTOWN**

**IN THE MATTER** of the Resource Management  
Act 1991

**AND**

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

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**REPLY OF SHAMUBEEL EAQUB  
ON BEHALF OF QUEENSTOWN LAKES DISTRICT COUNCIL**

**INCLUSIONARY HOUSING VARIATION TO THE PROPOSED DISTRICT PLAN**

**27 March 2024**

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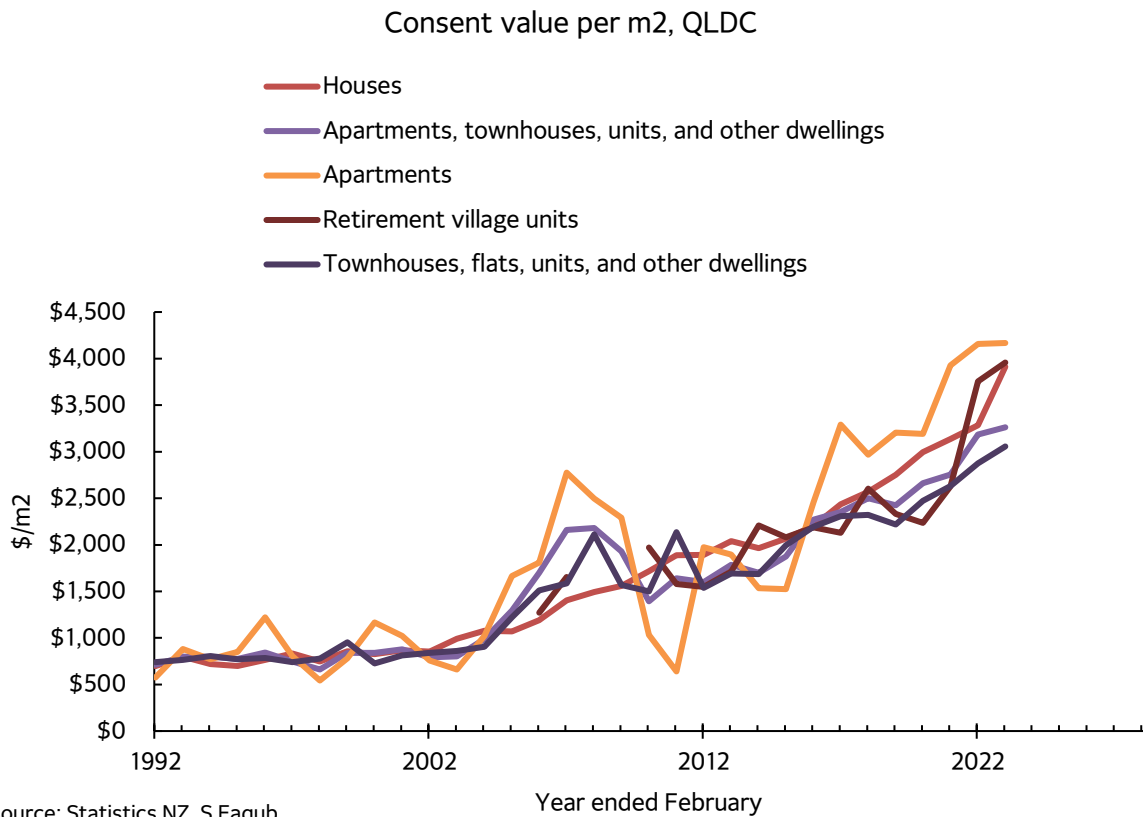
## 1. PROFESSIONAL DETAILS

- 1.1 My name is Shamubeel Equb. I prepared statements of evidence in chief and rebuttal for the Inclusionary Housing Variation (**the Variation**) and participated in the Joint Witness Conferencing on 30 January 2024. My qualifications and experience are set out in my evidence in chief dated 16 November 2023.
- 1.2 I attended the hearing on 27 February 2024 and have been provided with reports of what has taken place at the hearing on each day.
- 1.3 This reply evidence covers the following issues:
- (a) Retirement village costs
  - (b) Capital gains
  - (c) Wider social benefits
  - (d) Planning gains
  - (e) Supply of new affordable housing

## 2. RETIREMENT VILLAGE COSTS

- 2.1 There is limited data on compliance and development costs for retirement villages. Some of the compliance costs are likely increasing with wider regulatory reviews of the sector, rather than anything I can observe in the data on construction costs. It is important not to conflate reviews in the retirement village sector by HUD and non-building regulations and effects of interest rates on development costs. The current pressures in the retirement village sector mainly stems from a very thinly capitalised business model the sector chooses to employ, and current cyclically high interest rates. It is not clear to me that the retirement village sector is facing additional development hurdles than other developers, who may also build homes for older people, including community housing providers.
- 2.2 The chart below shows the consent value per square metre. From building consent data for QLDC. It shows that retirement village unit costs are more volatile, likely due to the lumpy nature of projects and differences in quality and amenity offerings. The broad trend in retirement village unit prices is consistent with house prices, although noting that they were unusually low during the Covid years. This

data does not show that retirement village construction costs have risen disproportionately.



### 3. NO CAPITAL GAINS FOR AFFORDABLE HOUSING BENEFICIARIES

- 3.1 A concern has been expressed that those who will benefit from retained affordable housing will not have access to the same capital gains as those who are able to purchase homes on the open market.
- 3.2 That may be, but the counterfactual for those who meet the eligibility criteria for affordable housing is not home ownership. They are currently in expensive and precarious housing, which will not improve without access to retained affordable housing. There is no counterfactual for beneficiaries of affordable housing where they could have bought a home in Queenstown and thus there is no opportunity cost of lost capital gains.

## 4. WIDER SOCIAL BENEFITS

- 4.1** As I discussed with the Panel in person, wider social benefits are difficult to monetise. Most evaluations of affordable housing projects tend to focus on more immediate and easily measured effects. A 2017 summary of the literature on affordable housing impact measurement<sup>1</sup> found that most studies focus on the easier to measure economic costs and benefits, and the wider social and wellbeing effects tend to be described in qualitative terms.
- 4.2** Where there have been efforts to include more difficult to measure variables, the benefits tend to be much larger. For example, a 2017 report by SGS Economics and Planning in Australia<sup>2</sup> estimated that when adding wider economic and social benefits, the total benefit would be a little over 3x the economic benefit alone of key worker retention.
- 4.3** This is supported by my reading of the Treasury's business case for Porirua redevelopment<sup>3</sup>, which attempted to cover the wider wellbeing benefits. However, that paper had estimated wellbeing benefits in the order of 44x the economic effects, as it focused on people's improvements from very poor housing choices. So, we did not choose to apply this in our estimates.
- 4.4** The Social Impact Assessment prepared by Beca provides qualitative information for the wider economic effects of the policy which I consider to be the most appropriate approach.

## 5. PLANNING GAINS

- 5.1** Tim Allen claims there are no planning gains on land values. This makes no economic sense and is not supported by evidence. Additional property rights have economic and financial benefits, which are reflected in market price. The

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<sup>1</sup>

[https://www.researchgate.net/publication/343836512\\_Understanding\\_the\\_Benefits\\_of\\_Investments\\_in\\_Affordable\\_Housing\\_Literature\\_Review\\_Report](https://www.researchgate.net/publication/343836512_Understanding_the_Benefits_of_Investments_in_Affordable_Housing_Literature_Review_Report)

<sup>2</sup>[https://s3.ap-southeast-2.amazonaws.com/hdp.au.prod.app.com-participate.files/2715/8318/6221/SGS\\_Housing\\_Needs\\_Analysis\\_16\\_July\\_2019\\_-\\_API\\_2\\_7.PDF](https://s3.ap-southeast-2.amazonaws.com/hdp.au.prod.app.com-participate.files/2715/8318/6221/SGS_Housing_Needs_Analysis_16_July_2019_-_API_2_7.PDF)

<sup>3</sup>[Using the LSF and He Ara Waiora | The Treasury New Zealand](#)

Productivity Commission in its Housing Affordability inquiry found that Auckland land values within 2km inside the Urban-Rural Boundary were 8.7x higher than outside the boundary. That is, land with more planning rights was valued 8.7x more.<sup>4</sup>

**5.2** Mr Allen suggests the infrastructure costs are \$165,000 per lot, higher than the scenario I supplied. He then makes unquantified claims that he expects reduces any gains. Since these are not quantified, I cannot verify the claims. But we can see from the rating valuation data, that as at 2024 the value of 117 Arthurs Point Rd is \$3.6m. The value of 153 Arthurs Point Rd land post development is \$24.3m. Using Mr. Allen's updated infrastructure costs of \$165,000 per lot, the infrastructure costs amount to \$14.5m. This leaves a difference of \$6.2m above 117 Arthur Points Rd. Mr Allen's information provides no credible case to suggest there are no planning windfall gains, which are accepted and orthodox, and have been established by evidence.

## **6. SUPPLY OF NEW AFFORDABLE HOUSING VS RETAINED AFFORDABLE HOUSING**

**6.1** Lane Hocking noted that he is already supplying affordable housing. However, as I have noted in my Rebuttal dated 13 February 2024, supplying affordable housing at the point of construction is not a reliable method of ensuring a growing stock of affordability in a very expensive and housing-short market like Queenstown Lakes. Whatever the price at the first sale, by the second sale the house is no longer affordable. Below is an excerpt from my Rebuttal to respond to this lingering issue:

- Being affordable when a house is built does not mean it will remain so without a retention mechanism. This is because of the wider mismatch in the Queenstown Lakes housing market - which drives up the prices of all homes, but often more for cheaper homes.
- As an example, I sought data for one affordable property in the first Special Housing Area approved in the District, Bridesdale. I found that an affordable property was valued at \$780,000 in 2019, which had increased to \$1m in 2023, an increase of 28%. The average household income increased by 13% over the same period. That is, the home became less affordable over time.

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<sup>4</sup> See figure 0.9 in <https://www.productivity.govt.nz/assets/Documents/9c8ef07dc3/Final-report-Housing-affordability.pdf>

- This illustrates how affordable housing at point of building is no certainty that it will remain affordable.



**Shamubeel Eaqub**

**28 March 2024**





