

Before the Independent Hearings Panel

Under the Resource Management Act 1991

In the matter of submissions on the Inclusionary Housing Variation to the Queenstown Lakes Proposed District Plan

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**Statement of evidence of Kristan Stalker**

19 December 2023

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## Introduction

- 1 My full name is Kristan Myles Stalker.
- 2 I live in Queenstown and have done so off and on since 1985.
- 3 I hold a Bachelor of Commerce.
- 4 I am the Development Manager for Shotover Country (**SCL**) and supported the successful delivery of over 800 residential dwelling equivalents, a primary school and various community assets including a 101 lot Special Housing Area within the Shotover Country Special Zone.
- 5 I was successful in having the Glenpanel, Ladies Mile, Te Putahi residential, education, retirement and commercial rezoning project referred under the Covid-19 Fast Track Act 2020. The summary of that application provided for:
  - (a) Subdivision of a 15-hectare site and construction of approximately 550 residential units (or approximately 339 residential units if a school and childcare centre are also developed, or approximately 444 residential units and 214 retirement village units if a retirement village is included), commercial buildings and supporting infrastructure.
- 6 I am the Managing Director of Maryhill Limited (**MHL**), a property Development Company actively pursuing development in the Wakatipu Basin.
- 7 This evidence is provided on behalf of Maryhill as the owner and managing Director in relation to the Inclusionary Housing Variation to the Queenstown Lakes Proposed District Plan (**PDP**) (**Variation**).

## Scope of Evidence

- 8 My evidence addresses the following:
  - (a) Costs of development.
  - (b) Adverse implications on housing affordability and availability.
  - (c) Inequity.
- 9 I have reviewed the following documents in preparing this evidence:
  - (a) Inclusionary Housing Variation- Section 32 report;

- (b) Inclusionary Housing Variation- Proposed Provisions; Issues and options planning for affordable housing;
- (c) Valuation report for IZ June 2020 (Queenstown);
- (d) Valuation report for IZ March 2021 (Upper Clutha); and
- (e) Valuation report update June 2022; Economic Assessment 13 July 2022.

**Experience as a property developer within the District**

- 10 I have delivered approximately 800 residential lots in the Shotover Country special zone through Plan Change 41(PC41).
- 11 In addition, I have successfully delivered a 101 lot Special Housing Area within the Shotover Country Special Zone.
- 12 I have successfully delivered community assets to support a community of about 3,500 people including parks, a sports field, walkways, bus stops, and commercial areas.
- 13 I have had several positive discussions with government housing agency Kainga Ora regarding their Kiwibuild program.
- 14 I have participated in the Proposed District Plan (**PDP**) zoning processes as they relate to Ladies Mile, since notification in 2015. To date this has involved the up-zoning of this land from Rural Zone to Rural Lifestyle Zone, and more recently, the Streamlined Planning Process (**SPP**) to further vary the PDP by introduction of the Ladies Mile / Te Pūtahi Masterplan. As at the time of writing this evidence, I was recently involved in the SPP hearing process on behalf of Maryhill. Under the Masterplan, Maryhill will be zoned to provide - 550 dwelling equivalents in medium and high density precincts, including community park, light commercial, supporting services and other amenity areas.
- 15 I was successful in having the Glenpanel, Ladies Mile, Te Pūtahi residential, education, retirement and commercial rezoning project referred under the Covid-19 Fast Track Act 2020.
- 16 SCL has gifted 50 lots to the QLCHT at nil consideration:
  - (a) 44 of which were part of PC 41; and
  - (b) 6 of which were part of the SHA.

### *Supply and Demand*

- 17 The District's housing challenges are based on economic principles taught in early years of schooling – supply and demand imbalance. The imbalance is due to the rapidly increasing population and a lack of land being easily repurposed for residential type development. The continued delay in repurposing land increases the value of land rezoned as well as land anticipated to be rezoned. This also has an unintended outcome on existing housing stock as this increases in line with new builds being built on that said recently rezoned land as the market will only tolerate a certain financial delta between the two. Two being the new and existing products on the market.

### *Cost of Development*

- 18 Land costs are heading one way due to market forces and the resource required to navigate the RMA. The Government has clearly acknowledged the challenges in the RMA's effectiveness through introducing various policies that trump the RMA in order to increase housing development, for example: The HAASHA and Fast Track Recovery legislation, The cost to develop land is increasing at a rate in line with inflationary pressures and the continued pursuit of building for the unknown in the engineering acceptance process through QLDC. From the perspective of our development 'balance sheet' the inclusionary zoning Variation will look like an additional layer of tax, on top of the other costs of delivering housing to market.

### *Lazy Policy*

- 19 This is a tax or burden targeted at a relatively small group in the district who are able to address the issue of affordable housing supply directly through the delivery of land for residential housing. It is in my view extremely lazy policy for the very reason that the main employers in the district are not being bestowed with the same burden whilst stimulating the need for additional housing for core staffing.

### *Innovative thinking*

- 20 Simply giving land or cash contributions away to a council supported community trust is not creative. Housing affordability is far wider than the physical dwelling itself. There are ways we can make housing affordable through reducing the cost of living, for example – with community solar infrastructure, public transport options in practice locations, 5 star green rated builds, recycled storm water, capped rents linked to CPI or PPI, North

facing spaces, live, work and play communities, rates relief from QLDC for targeted purposely delivered housing, to name a few.

#### *Increased Density*

- 21 There needs to be recognition that higher density typologies move from an owner-occupier environment to a rental situation. This in turn results in cost of living opposed to cost of ownership situation as the residents are tenants and will unlikely own the apartments. This situation is then predominantly based on rental prices and what the landlord will pass on (body corporate / maintenance, insurance. etc). Rental properties are then subject to being set up as short term visitor accommodation due to the high returns. Whilst I do not outright object as Visitor accommodation can assist in making a high density project stack up financially, it does need to be a regulated activity.

#### **Adverse implications of the Plan Change on housing affordability**

- 22 As stated above, the cost to develop is increasing through land prices escalating, development costs increasing and the unknowns of the consenting and 224c sign off process (causing further consenting and processing costs as well as time). What is being proposed in addition through the Variation is simply an additional cost to the over-arching project:
- 23 The additional tax or burden will result in an (obvious to predict) perverse outcome:
- (a) the feasibility model will confirm the commercial unviability and the project stops.
  - (b) the additional tax or burden is spread across the remainder of the development increasing the cost of the balance 95% land in the free market.

#### **Adverse implications of the Plan Change on housing availability**

- 24 Housing availability in the Wakatipu is reliant on more land being rezoned for residential whether greenfields, up – zoned, or improving the processing of consents and approvals. Mandating an additional tax in the form of Inclusionary Zoning on a relatively small pool of residential land developers by no means incentivise me as a developer to expedite a project.

## **Inequity of only taxing new residential land developments and subdivision**

- 25 This is a targeted tax or burden on the industry that is at the bottom of the cliff trying to assist those being walked to the edge by other industries needing accommodation to secure their staff.
- 26 This is another cost for a residential development, the calculation in simple terms:
- $$\begin{aligned} &\text{Land cost} + \text{Resource Consent Cost} + \text{Engineering} \\ &\text{Approval cost} + \text{Build Cost} + \text{Holding Cost} = \text{TOTAL} \\ &\text{Project Cost} - 5\% \text{ Inclusionary Zoning tax} = \text{Project} \\ &\text{Balance} - \text{Cost of Sales} - \text{Income Tax} . \end{aligned}$$
- 27 The point being the risk is already significant for large scale residential developments, financing becoming increasingly difficult and this proposal takes a FULL 5% out of the completed project.
- 28 As a significantly affected land owner, it is disappointing that the QLDC is seeking the legal right to refuse a residential development consent if you do not give land away or cash to it, to then be funnelled to its single preferred beneficiary.

## **Conclusion**

- 29 This variation is egregious and it is a waste of rate payers' money pursuing this policy, again. The outcomes of this proposed variation will likely influence the market in a perverse way through stalling housing supply and increasing the cost of developing land, rather than incentivising residential development.
- 30 The resource (financial burden) required to make it clear to the council officers and councillors at QLDC that this variation is non sensical has been added to the next development for all the land developers who have been bestowed with interpreting and defending themselves against this proposed experiment.
- 31 The council has fundamentally failed to consider all available options and tools to address the issue of housing affordability, and has instead adopted a lazy tax policy that is inequitable.
- 32 The cost of housing will be increased, if not delayed, or both, as a result of the variation.

Kristan Stalker

19 December 2023

