

Proposed Inclusionary Housing District Plan rules – frequently asked questions

We're proposing to introduce Inclusionary Housing rules into the District Plan to help more people access affordable housing in the Queenstown Lakes District. Consultation on the proposal will begin on 13 October.

Inclusionary Housing is a complex topic and it's important we have clear information available for those wishing to understand and participate in the process.

To help with this, we have provided answers to *frequently asked questions*. If you require further clarification of any aspect, please get in touch with us via our duty planner service on 03 441 0499 (Queenstown) or 03 443 0024 (Wānaka) or email pdpenquiries@qldc.govt.nz.

General questions:

What's proposed?

We are proposing to amend the District Plan to require most new residential subdivisions and developments to pay an '*affordable housing financial contribution*'.

The contribution would be collected by the Council then provided to the Queenstown Lakes Community Housing Trust (or another registered community housing provider) to help more people access affordable housing in the district.

This is a proposal and can be amended in response to submissions from the community. We encourage anyone with an interest to get informed and make a submission.

Why is this proposal important?

Housing is one of the biggest challenges our community faces. It's also at the heart of creating secure, connected and caring communities, creating jobs and a diverse economy.

Affordability is a significant issue in our district. This is mainly due to the combination of high property prices and average household incomes. Our district has one of the highest median property prices in the country.

Ensuring access to affordable housing for low-moderate income earners will create a more stable community and help attract and retain skilled workers to the district. It also supports people to stay within the district, rather than living further away in cheaper locations outside the district and needing to commute long distances to work.

Central government has a very small number of public housing properties in our district and no confirmed intentions of increasing their portfolio here. Pressures on our housing supply are made worse by the high number of holiday homes and the use of rental properties for visitor accommodation activities like Airbnb.

While important, inclusionary housing is just one piece of the puzzle. We're working across a number of areas to ensure housing supply is not constrained by planning rules and future growth is strategically planned through the Queenstown Lakes Spatial Plan.

This plan change is also an action in year 1 of [The Queenstown Lakes Homes Strategy 2021-2031](#) which was adopted by Council in December 2021. The strategy outlines the housing challenges facing our district and the actions Council will take to address these challenges.

Doesn't QLDC already have an inclusionary housing policy in place? What's different about this plan change?

Since 2003, we've successfully used inclusionary housing as a way of securing affordable housing contributions from developers on a case-by-case basis. The proposed rules will formalise that requirement providing more certainty that the construction of affordable housing can continue.

The previous arrangements have been negotiated through stakeholder deeds on private plan changes and through special housing areas (SHAs) consented under the Housing Accords and Special Housing Areas Act 2013 (HASHAA). The HASHAA has now been repealed, and private plan changes have slowed since the District Plan review, meaning funding to go towards affordable housing is starting dry up.

A new funding mechanism is now needed to ensure a continued supply of affordable housing in the district.

This proposal would make QLDC the first Council in Aotearoa New Zealand to have inclusionary housing rules in its District Plan and provide more certainty that the construction of affordable housing can continue.

How does the Queenstown Lakes Community Housing Trust fit in?

The Queenstown Lakes Community Housing Trust was set up in 2007, as a key action of the Housing Our People in our Environment (HOPE) Strategy.

The Trust is an independent, registered Community Housing Provider and is the Council-preferred delivery mechanism for affordable housing work in our district. The Trust has eligibility criteria to ensure it is assisting residents who are committed to the Queenstown Lakes District by providing security of tenure that can be challenging to achieve in the open housing market.

Since 2007, the Trust has built and delivered a total of eight housing developments on land received through an inclusionary housing-type process.

The Trust has construction underway on a further 10 homes at Northlake, and has plans to commence construction on sections at Longview, Hāwea and civil works on its 68-Lot Tewa Banks project (Jopp St, Arrowtown) later this year.

Once the existing agreements negotiated through the Stakeholder Deeds and SHAs are fulfilled, the Trust's funding sources will be uncertain. The Council would need to consider alternative funding methods if it wanted to continue to financially support the Trust.

How can I get involved in this process?

Consultation on the Proposed change to the District Plan will start on 13 October and we encourage everyone with an interest to have a say on this proposal by making a submission.

Every property owner in the district will be sent a letter inviting them to participate. We'll also be widely publicising the opportunity to get involved using our social media channels, Scuttlebutt and the local newspapers.

Once submissions close, we'll prepare a summary of submissions which will be notified for further submissions. After that, the submissions will be heard at a public hearing by Independent Commissioners appointed by Council.

You can get full details about this proposal at www.qldc.govt.nz/inclusionary-housing

More detailed questions on the proposal:

When would the new rules apply?

The proposed inclusionary housing rules would not apply until they have 'legal effect'.

Under the Resource Management Act 1991, *legal effect* will occur when the Council makes a final decision on the Inclusionary Housing plan change, either as notified or as modified after considering and hearing public submissions. This is likely to take some time.

Where will the proposed rules apply?

We already have stakeholder deeds in place for a number of areas meaning an affordable housing contribution has already been agreed. The proposed rules wouldn't apply in these areas:

- Jacks Point (including Hanleys Farm)
- Bullendale
- Coneburn
- Arrowtown Retirement Village

- Northlake
- Queenstown Country Club
- Longview
- Hikuwai
- Riverside Park
- Peninsula Bay
- Allenby Farms
- Quail Rise
- Shotover Country
- Homestead Bay
- Tomasi

How would the proposed rules work for other areas, once they have legal effect?

For locations with no existing developer agreement for affordable housing, it is proposed that a contribution would be payable either at the time of residential subdivision approval, and / or when building consent is issued for new residential development (including apartments in Business and Mixed Use areas). Over time, contributions will be predominantly taken at subdivision stage, however for an existing residential lot that **doesn't have a house on it yet**, and the the building and resource consents for the house haven't been issued when the new rules have legal effect, then the financial contribution requirement would be triggered when the approvals are sought for the residential development.

For an existing lot that **does have a house on it**, a replacement dwelling on the lot would **not** trigger the requirement. However, an infill development where more than one house replaces the existing house, then the contribution would be required for the additional dwelling(s) (again once the rules are in effect).

Residential Flats (small units located on an existing house site) are exempt from the contribution.

How did Council set the proposed contributions?

When considering the proposed contributions, Council has worked hard to achieve a balance between supporting a long term need for affordable housing and the need for ongoing housing development generally to meet population growth.

To set the proposed contribution rates, Council has:

- undertaken development feasibility assessments based on local case studies of new subdivisions on the edge of town as well as infill developments;
- Drawn on prior experience with inclusionary housing (such as Special Housing Areas);
- Taken into account the particular circumstances of greenfields, infill and rural-residential type developments in the district.

For broader context, contribution requirements for overseas locations that use inclusionary housing vary a lot (often between 10% to 20% of new units are required to be affordable). Here in the Queenstown Lakes District, the contribution is based on the transfer of money or land to the Council, rather than the subdivider or developer building affordable houses for on-sale.

This is why the proposed rates appear low in comparison to other towns and cities in America or the United Kingdom that use inclusionary housing. The contribution rate varies between brownfields redevelopment and greenfields subdivision due to the different factors involved, in particular that brownfields developments are often small scale developments and involve land plus building costs.

Many studies have sought to understand who bears the costs of providing the contribution. Over time, it is likely land prices will adjust to absorb the cost of the inclusionary housing requirements. This is further explained in the s32 report and supporting evidence which underpins the proposed plan change. This material is available at www.qldc.govt.nz/inclusionary-housing.

How would the contribution be calculated for a subdivision?

Once the rules have legal effect, the following proposed contributions would apply.

New subdivisions that create vacant residential lots within existing urban areas	5% of the additional serviced lots created, to be provided to the Council as either a transfer of land or as an equivalent monetary contribution
Residential subdivisions in a Settlement Zone, Rural-Residential Zone, Wakatipu Basin Rural Amenity Zone Lifestyle Precinct or Special Zone	1% of the anticipated sales value of the additional lot(s), as defined in the proposed provisions

How would the proposed rules work for greenfields subdivisions?

For subdivisions with fewer than 20 new lots, a monetary contribution would be required.

For subdivisions of 20 or more lots, the contribution should be serviced lots within the development.

Contributions of land outside the subdivision site or equivalent monetary contribution are possible but would have to be considered through a resource consent process.

How would the proposed contribution be calculated for a new house?

The proposed contribution for a new house in urban areas would depend on whether a contribution has already been paid by the developer that completed the subdivision.

Where new houses are to be built on lots that have not been subject of an affordable housing contribution (for example building on a vacant lot that was created before the proposed provisions come into effect), then the proposed provisions seek a contribution based on the lesser of either:

- 2% of the anticipated sales value of the additional house(s) created, or
- A set rate of \$150 per square metre of the net increase in residential floorspace.

For example: a new house on a vacant lot with a floor area of 150m² and estimated value of \$800,000 would trigger a contribution of \$16,000.

A \$1.5 million new house with a floor area of 250m² would trigger a contribution of \$30,000.

What about where the subdivision paid a contribution under the proposed new rules?

Where a new house is to be built on a vacant lot that has already paid an affordable housing contribution at the time of subdivision, then whether a contribution would be paid by the new dwelling depends upon how much was contributed at the subdivision stage.

For example: if a vacant lot was created that had a sales value of \$450,000 and a \$900,000 house built on it, the contributions would be:

- Contribution at time of subdivision = \$22,500 (5% of \$450,000)
- House contribution = \$18,000 (2% of \$900,000).

In this case, as the contribution at the subdivision stage exceeds the contribution at the building stage no additional contribution is required from the house. No refunds are payable. However, if a very large house was built, or two units proposed on the same site, then a 'top up' contribution may be required at the development stage.

Can the amount of contribution be questioned at the time of subdivision or development?

Yes, at the time of subdivision or development, the subdivider or developer of new houses could seek a review of the contribution through a resource consent process.