

**BEFORE QUEENSTOWN LAKES DISTRICT PLAN INDEPENDENT
HEARINGS PANEL**

IN THE MATTER of the Resource Management Act 1991 ("**RMA**")

AND

IN THE MATTER Inclusionary Housing Variation by Queenstown
Lakes District Council.

**PLANNING STATEMENT OF EVIDENCE OF HANNAH LEE HOOGEVEEN
ON BEHALF OF LADIES MILE PROPERTY SYNDICATE LIMITED
PARTNERSHIP
(PRIMARY SUBMISSION 149)**

21 DECEMBER 2023

1. INTRODUCTION

1.1 My name is Hannah Lee Hoogeveen. I am a Planner and Associate at Barker & Associates Limited, an independent planning consultancy. I am based in the Tauranga office. Prior to this I was employed by Auckland Council and Auckland City Council as a planner in the resource consents department.

Qualifications and experience

1.2 I hold a Bachelor of Planning degree with Honours from the University of Auckland. I started my career in 2009 and I have practiced as a planner for more than nine years in New Zealand.

1.3 I have provided planning advice to private clients with respect to the Queenstown Lakes District Plan since 2014. In this time, I have prepared several resource consent applications for the Queenstown Central commercial and retail development, and for the Five Mile retail development, both at Frankton. I have also undertaken reviews of strategic QLDC planning documents and prepared submissions on behalf of those clients in this time.

1.4 I have worked on a number of residential, commercial, and intensification-related plan development and plan changes on behalf of private clients including both the Auckland Unitary Plan and the Queenstown Lakes Proposed District Plan Urban Intensification Variation. At Auckland Council I was part of an implementation working group reviewing the residential zone rules of the Auckland Unitary Plan when it was in its infancy.

Code of conduct

1.5 I confirm that I have read the Expert Witness Code of Conduct set out in the Environment Court's Practice Note 2023. I have complied with the Code of Conduct in preparing this evidence and I agree to comply with it while giving oral evidence before the Hearings Commissioners. Except where I state that I am relying on the evidence of another person, this written evidence is within my area of expertise. I have not omitted to consider material facts known to me that might alter or detract from the

opinions expressed in this evidence.

2. SCOPE OF EVIDENCE

- 2.1 My evidence relates to the submission of Ladies Mile Property Syndicate Limited Partnership Limited (“**the Syndicate**”) on Queenstown Lakes District Council’s Inclusionary Housing Variation (“**the Variation**”) which proposes a new District-wide chapter to impose a financial contribution upon particular residential subdivisions and developments in the Queenstown Lakes area.
- 2.2 The Variation also amends the Strategic Directions chapter of the PDP.

Background

- 2.3 The Syndicate owns 4.5 hectares of land at 497 Frankton-Ladies Mile (State Highway 6). The land is currently used as a boutique visitor accommodation lodge and is subject to the Te Pūtahi Ladies Mile Variation to the Proposed District Plan. The Syndicate are involved in the Te Pūtahi Ladies Mile Variation and the hearing for this variation has recently been completed.
- 2.4 The Syndicate has owned 497 Frankton-Ladies Mile since November 2018 and has participated in engagement with other landowners and the Ladies Mile Consortium as part of the development of the Te Pūtahi Ladies Mile Masterplan. The Syndicate has also provided feedback on draft planning provisions for the area at multiple stages.
- 2.5 In their submission on the Inclusionary Housing Variation, the Syndicate sought that the Variation be refused.
- 2.6 I am supportive of an objective that seeks to enable affordable housing in the District. I understand that the Syndicate is also supportive of this objective. However, I am principally concerned that the methods proposed by the Variation are narrow in approach and will not effectively nor efficiently achieve the affordable housing objective. It is my view that there are other methods that the District Plan, and the local authority and central government, could employ that would more effectively and efficiently achieve this objective.

2.7 The scope of my evidence therefore includes a consideration of the efficiency and effectiveness of the provisions in achieving the objective.

3. EFFICIENCY AND EFFECTIVENESS OF ACHIEVING THE OBJECTIVE

3.1 I have considered the appropriateness of the provisions of the Variation in achieving the affordable housing objective.

3.2 In my opinion the housing affordability objective is worthy of retention either within the District Plan or within the District's rating methodology pursuant to the Rating Act, and at a strategic level there should be an objective relating to provision for affordable housing within the District as land use provisions (zoning) have an effect on housing supply.

Efficiency of the provisions in achieving the objective

3.3 In my experience of applying financial contributions to resource consents, these have largely been when the Council was seeking to ensure a positive effect to offset an adverse effect of an activity or development. Whilst I understand that a financial contribution can be required for a purpose specified in a plan, it seems at odds with good planning practice in New Zealand to apply what is essentially a penalty to the sector that is fundamental to delivering the positive urban and social outcome desired – being appropriate supply of housing in a District where there is an obvious shortfall. Mr Colgrave also considers this matter at Paragraphs 32 and 43-45 of his economic evidence.

3.4 Mr Colgrave is of the opinion that the financial contribution proposed to be levied on residential development is neither efficient or equitable in economic terms¹, and that it is a tax. He considers that it is not a 'corrective' tax or a 'rent' tax, and therefore there is no obvious economic rationale for this tax policy. Mr Colgrave expects it to aggravate the issue it seeks to address. In my opinion, this is not an efficient method of achieving the objective, if the effect of the method is that the problem intended to be addressed becomes worse. In my opinion housing affordability is a

¹ Economic evidence of Mr Colgrave, paragraph 45.

considerable issue for a much wider sector of society than just those that fit the Queenstown Lakes Community Housing Trust's ("the Trust") criteria, or those who can actually benefit from the work of the Trust.

3.5 Mr Colgrave also compares different forms of local government fund-raising from various means, including rates, development contributions and financial contributions. Mr Colgrave concludes that rates are a much more stable source of income compared with development and financial contributions which follow the cyclical nature of development². Based on his expert opinion, I agree that in terms of a method, the stability of rates as well as the wider "net" that they cast, is a more efficient (and effective) way of generating funding, especially in the long term as land resources become scarcer.

3.6 The proposed rules themselves are also not efficient. The proposed rules are complex, requiring calculations that only a valuer can undertake which adds another specialist to the resource consenting process (resulting in additional cost and delay, and the potential for dispute regarding valuation quantum). There is also a requirement for a "top up" of development, even if a contribution has been paid upon subdivision. In his evidence Mr Colgrave considers that the complexity of the proposed financial contribution rules, coupled with the financial challenge of the contribution required in those rules, will deter some development³.

Effectiveness of provisions in achieving the objective

3.7 My understanding (in reliance on Mr Colgrave's evidence) is that the financial contribution is effectively a distortionary tax⁴, that will have the effect of making all other housing in the District more expensive⁵ and therefore less affordable, for all those except the beneficiaries of the Trust (or other similar organisation). Mr Anderson has described the effects this could have on deferment of development⁶.

² Economic evidence of Mr Colgrave, paragraph 102.

³ Economic evidence of Mr Colgrave, paragraphs 40 and 51.

⁴ Economic evidence of Mr Colgrave, paragraph 36.

⁵ Economic evidence of Mr Colgrave, paragraphs 37-42.

⁶ Corporate evidence of Mr Anderson, paragraph 22.

- 3.8 In my view housing affordability is an issue that affects a considerable number of New Zealanders (and more specifically a considerable number of those who choose to live in the Queenstown Lakes District). With regard to effectiveness of delivering affordable housing, Paragraph 3.7 of the s42a report notes that the Trust may be the recipient of the financial contribution⁷. The Trust provides for approximately 0.6% of the District's housing stock. Whilst it would greatly help those who benefit from being housed by the Trust, this is a very small portion of the market, and it seems more appropriate and effective to make all housing less expensive. This would have the added benefit of helping those who sit outside of the Trust's criteria but are still considered to have a "low or moderate" income.
- 3.9 The consequences (costs) of the financial contribution have been outlined by Mr Colgrave in his evidence, which I consider to significantly outweigh the narrowly-focussed benefits of the financial contribution.

Other reasonably practicable options

- 3.10 The RMA provides a number of other reasonably practicable options for achieving the housing affordability objective, which to date have not been well-utilised in the Queenstown Lakes District. In land use terms this includes a supportive set of residential density or intensity provisions, and zoned-land available to increase the housing supply to meet the demand. Greater provision for workers accommodation could be implemented across a wider range of zones. Tighter, district-wide control of land use activities such as residential visitor accommodation is also an option. Applying a specific development contribution across all sectors in the District would also be a more equitable application of some sort of targeted fund-raising exercise.
- 3.11 Council could also use targeted rates for this purpose as they would not be limited to growth and would be a more stable and equitable revenue stream. Council could increase rates for residential visitor accommodation, even those that meet the permitted activity standards, since there appears to be a direct adverse effect on the supply of long-term rental

⁷ Albeit subject to an operational decision by the Council.

accommodation as a result of the volume of short term residential visitor accommodation⁸. In my view this would be a more appropriate focus of financial contributions as there is a correlation between a land use activity and an adverse effect.

- 3.12 In short there are a number of reasonably practicable options for achieving the housing affordability objective that don't have the perverse effect on the sector that is actually critical to delivering a solution to the problem.

National Policy Documents

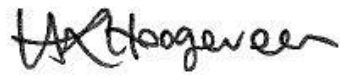
- 3.13 With regard to section 75 and the requirement for District Plans to give effect to national policy, it is my view that the Variation will not give effect to the NPS-UD, being the most relevant national policy to this Variation. The NPS-UD provides national direction to local authorities to meet housing demand, by enabling greater ability for supply. It is my understanding from Mr Colgrave that a further tax will have the effect of reducing supply as some developments will not be financially viable. Therefore, where supply is enabled by the NPS-UD and the ensuing intensification plan change, the Variation will stymie ability for a portion of that supply to be delivered. As such I consider that the Variation will be contrary to the NPS-UD.

4. CONCLUSION

- 4.1 I have undertaken an assessment of the appropriateness of the methods of the Variation in achieving the housing affordability objective. The Inclusionary Housing Variation proposes to introduce a financial contribution (tax) on most residential developments and subdivisions within the District. This financial contribution is problematic as it could lead to restricting or deferring housing supply, relies on cyclical income, assists only a small portion of those affected by housing affordability, and therefore will not effectively nor efficiently meet the wider housing affordability objective.

⁸ Economic evidence of Mr Colgrave, paragraphs 62 - 74.

- 4.2 The evidence of Mr Colgrave shows that the financial contribution (tax) will result in difficulties establishing development in an already-fiscally challenging development market. This is particularly so for multi-unit developments, which the Variation is primarily targeted at.
- 4.3 In my view this could result in a failure to meet the housing affordability objectives of the Variation, both in terms of housing delivery and supply, and provision for a broader range of affordability in the District. In my view the objective is broader reaching than the 0.6% of the District's housing stock delivered by the Queenstown Lakes Community Housing Trust (or any realistic increased proportion of stock delivered by improved capacity by the Trust in the future, which would remain very low). I consider that housing affordability is an issue for a much wider sector of society than that. Consequently, the methods employed to address the objective need to be broader.
- 4.4 Section 32(1)(b)(ii) of the RMA requires an evaluation of the Inclusionary Housing provisions in terms of their efficiency and effectiveness in achieving the Variation objectives. As set out in my evidence, and the evidence of the Syndicate's economic expert, the provisions as currently proposed are unlikely to achieve the housing affordability objectives and are outweighed by the costs to the wider community in terms of housing supply and the effect that will have on affordability. In my view, greater enablement of supply for housing is one method that can help with meeting demand and providing market competitiveness. The District Plan is able to zone land accordingly. There is an array of non-RMA methods that the local authority and central government can utilise to achieve the objective and it is my view that a wider approach needs to be employed in order to efficiently and effectively achieve the housing affordability objective.

A handwritten signature in black ink, appearing to read "H Hoogeveen". The signature is written in a cursive, flowing style.

Hannah Hoogeveen

21 December 2023