

**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 QUEENSTOWN CENTRAL LIMITED
(PRIMARY SUBMISSION 120)**

20 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 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 Queenstown Central Limited (“**QCL**”) 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 QCL is a long-term property investor in Queenstown, having owned 22 hectares of land in Frankton since 2010. QCL has actively participated in the development of the District Plan in recent years and was actively involved in the Plan Change 19 process to rezone land at Frankton Flats for urban uses. Since completion of that plan change, construction of QCL’s five-hectare town centre development has occurred on its Activity Area C1 land, and the first stage has commenced of a 225-unit residential development on the adjacent Activity Area C2 land (by Remarkables Residences Limited).

2.4 I am also aware that QCL was involved in the Plan Change 24 process which was resolved by way of consent order of the Environment Court in 2013.

2.5 In its submission on the Inclusionary Housing Variation, QCL sought that the FFB zone be exempt from the provisions of Proposed Chapter 40, or in the alternative, that the Variation be refused.

2.6 Plan Change 19 was approved by the Environment Court on 18 September 2014 and introduced the Frankton Flats B Special Zone (“**FFB zone**”) to the Operative District Plan. The FFB zone applies to the land between Grant Road, State Highway 6, just east of Brookes Road, and the airport at Frankton.

2.7 As a special zone of the Operative District Plan, the FFB zone has not yet

been reviewed as part of the Proposed District Plan process. The provisions remain as they were in 2014 when they were first included in the current Operative District Plan. However, district-wide provisions of the Proposed District Plan apply to the FFB zone. That means that, if approved, as a district-wide chapter, Chapter 40 and the amendments to Chapter 3 introduced by the proposed Inclusionary Housing Variation would apply to the FFB zone.

2.8 I am supportive of an objective to enable affordable and agree that the District has an immense housing affordability issue. 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 efficiently and effectively achieve this objective.

2.9 The scope of my evidence includes a consideration of the following:

- (a) Appropriateness of applying the proposed provisions to the FFB zone; and
- (b) The efficiency and effectiveness of the provisions in achieving the proposed objective.

3. APPLICABILITY TO FFB ZONE

3.1 Proposed Rule 40.6.1.3(d) sets out an exclusion provision to the financial contribution requirement, as follows:

40.6.1.3 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:

...

(d) A residential lot or 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.

3.2 In order to meet the exemption rule, a residential lot or unit therefore needs to meet one of two criteria:

- (a) be in a zone that contains affordable housing provisions; or
- (b) be subject to previous agreements and affordable housing delivery with Council that have satisfied the stated objectives and policies.

3.3 It is my opinion that the FFB zone meets the first criteria, in that it is a zone which already contains a suite of affordable housing provisions. These span from the identified resource management issues¹, through to the policies², and methods³ of the FFB zone. Notably the “Urban Growth and Sustainability” issue statement⁴ outlines that:

“The FFSZ (B) can also contribute significantly toward the need for residential including affordable housing. The Zone can enable an intensely developed built environment at densities not currently achieved in the District, involving a significant mix of activities.”

3.4 Plan Change 19 introduced the FFB zone, which includes a number of Activity Areas applied by way of a structure plan contained within the FFB zone chapter. The Activity Areas of the FFB zone that allow for residential development are Activity Area C1 (“**C1 land**”) and Activity Area C2 (“**C2 land**”). There is a minimum average density requirement in the C2 area of 1:200m², and no density maximum. There are no density minimums or maximums in the C1 area.

¹ FFB Zone - 12.19.1.1, Paragraph 3; 12.19.1.4(i);

² FFB Zone – 12.19.2 Objective 1’s associated policy 1.2 and Objective 8’s associated policy 8.1;

³ FFB Zone – Rule 12.20.6.1vii(a), matter of discretion 12.20.6.1vii(b), and assessment criteria 12.20.7.4(vii)(b).

⁴ FFB Zone 12.19.1.1.

- 3.5 The Environment Court decision⁵ on Plan Change 19 found that the policy context of preventing low density development (Policies 12.19.2(1.2) and 12.919.2(8.1)) coupled with the method of imposing a minimum density requirement of 1 dwelling per 200m² net site area, is enabling of an affordable dwelling typology, being terraced houses⁶.
- 3.6 56 of the consented 225 residential units in the “Remarkables Residences” on the C2 land have been constructed. These units range from three to four storeys, with 37 of the 56 units containing a separately accessed self-contained studio, affording those units effectively two dwellings. I have included the floor plans of these three typologies at **Appendix 2**. Whilst I am not qualified to comment on the affordability of these dwellings, I do consider that the minimum density requirement has effectively resulted in 37 of those dwellings being able to be used for two household units. This means that the planning rules of the FFB zone are both enabling of this range of household arrangement, and requiring, in terms of a minimum density. The independently accessed self-contained studio units can contribute to the rental market housing stock.
- 3.7 In my view, the FFB zone therefore effectively contains provisions (objectives, policies, rules, matters of discretion and assessment criteria) that contribute to a diversity in dwelling typology and household mix that meets the first criteria of the exemption provision in the Variation.
- 3.8 However, if it is found by the Hearing Commissioners that the FFB zone does not already contain affordable housing provisions, it is my opinion that the second criteria can also be met by way of the Plan Change 19 proceedings that lead to the FFB zone being approved. That is, there needs to have been agreement and affordable housing delivery, and those must also satisfy the stated objectives and policies of the Variation.
- 3.9 During the PC19 proceedings, QCL entered into an agreement with the Council and the Queenstown Lakes Community Housing Trust (“the

⁵ *Queenstown Airport Limited, Trojan Holdings Limited, Garden Centres Limited, Queenstown Central Limited, The Station at Waitiri Limited, Air New Zealand Limited, Remarkables Park Limited and Shotover Park Limited, Queenstown Lakes Community housing Trust v Queenstown Lakes District Council* [2014] EnvC 197. Relevant part of the decision included as **Appendix 3**.

⁶ NZEnvC 197 [2014] at Paras 71 – 78.

Trust”) relating to affordable housing.

- 3.10 The Plan Change 19 variation to the Operative District Plan occurred at a similar time to the previous affordable housing variation, being Plan Change 24. Plan Change 24 was resolved in September 2013 while Plan Change 19 was approved in September 2014. The Trust were party to the Plan Change 19 proceedings, and were an appellant.
- 3.11 The Trust is the likely recipient of the financial contributions levied by way of proposed Plan Change 40, however this operational matter is yet to be determined by Council⁷.
- 3.12 Through the Plan Change 19 proceedings, the Trust advised that its relief would be satisfied if two amendments were incorporated in to the FFB provisions⁸. These were:
- (a) a statement in the Environmental Results Anticipated section acknowledging residential living included community housing; and
 - (b) a new assessment criteria for developments that did not meet the minimum density requirement – “*the extent to which lower density development provides opportunities for affordable housing for low to moderate income households.*”
- 3.13 Evidence was presented by both QLDC and QCL planners in support of those amendments⁹.
- 3.14 The Environment Court found that the suite of methods of the FFB zone would be “*effective in achieving the relevant policy – which is simply to provide conditions that would enable the opportunity to develop affordable housing*”¹⁰.
- 3.15 In light of the agreement reached between QCL, Council and the Trust

⁷ Council's s42a report by Mr Mead, Paragraph 3.7.

⁸ Being Environmental Results Anticipated 12.19.3.2(vii) and Assessment Criteria 12.20.7.4(vii)(b).

⁹ NZEnvC 197 [2014] at Para 74.

¹⁰ NZEnvC 197 [2014] at Para 76.

through the Plan Change 19 proceedings, I consider that the FFB zone meets the “previous agreements” part of the criteria of Rule 40.6.1.3(d) of the Variation and that the provisions can provide for an affordable housing typology. The last part of this criteria is to ascertain if the stated objectives and policies of the Variation are able to be satisfied.

- 3.16 Objective 3.2.1.10 seeks to provide for affordable housing choices for low to moderate income households. The policies set out two key ways of doing this, with Policy 3.3.52 seeking to ensure affordable housing choices are incorporated into new or redeveloped neighbourhoods and Policy 3.3.54 requiring that affordable housing is delivered by way of financial contributions. As the FFB zone has a suite of provisions relating to affordable housing typologies, and that there is evidence that when delivered, these typologies are affordable in a Queenstown context, the FFB zone provisions meet Objective 3.2.1.10 and its relevant policies.
- 3.17 Objective 40.2.1 seeks that there is provision of affordable housing for low to moderate income households in a way and at a rate that assists with providing a range of house types and prices in different locations. The associated policies aim to achieve this objective by setting requirements for an affordable housing contribution in most urban and special/settlement zones. An associated policy also sets out the forms of residential development that “does not generate pressure on housing resources and should not be subject to the affordable housing contribution”. I consider that the agreement reached between QCL, the Trust, and Council in the appeal to the FFB zone provisions effectively provides for an affordable housing typology that meets objective 40.2.1. The FFB zone therefore satisfies the criteria for exemption and should not be subject to the methods of proposed Chapter 40.
- 3.18 For the reasons I have discussed, it is my view that the FFB zone meets both of the exemption criteria set out in rule 40.6.1.3(d) of the Variation and should be excluded from the Variation. At **Appendix 2** I have provided an amendment to the exemption provision so that administration of the rule is clear for future users of the Variation, should it be adopted.

4. EFFICIENCY AND EFFECTIVENESS OF ACHIEVING THE OBJECTIVE

4.1 Should the Hearings Panel consider that the FFB zone is not encapsulated by the exemption rule 40.6.1.3(d), I have also considered the appropriateness of the provisions of the Variation in achieving the affordable housing objective.

4.2 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

4.3 In my experience of applying financial contributions to resource consents as conditions, these have largely been when the Council was seeking to ensure a positive effect to offset an adverse effect of an activity or development. In that regard I find it difficult to attribute adverse effects arising from the development of residential units, to affordability, unless development is occurring at low levels of density/inefficient land use, in which case that is a zoning matter of the District Plan.

4.4 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 43-44 of his economic evidence.

4.5 Mr Colgrave is of the opinion that the financial contribution proposed to be levied on residential development is neither efficient or equitable in economic terms¹¹, 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

¹¹ Economic evidence of Mr Colgrave, paragraph 45.

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 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.

4.6 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 development¹². 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.

4.7 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 development¹³.

Effectiveness of provisions in achieving the objective

4.8 My understanding (in reliance on Mr Colgrave's evidence) is that the financial contribution is effectively a distortionary tax¹⁴, that will have the effect of making all other housing in the District more expensive¹⁵ and

¹² Economic evidence of Mr Colgrave, paragraph 102.

¹³ Economic evidence of Mr Colgrave, paragraphs 40 and 51.

¹⁴ Economic evidence of Mr Colgrave, paragraph 36.

¹⁵ Economic evidence of Mr Colgrave, paragraphs 37 – 42.

therefore less affordable, for all those except the beneficiaries of the Trust (or other similar organisation).

- 4.9 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 contribution¹⁶. 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.
- 4.10 With regards to making all housing less expensive, Mr Colgrave outlines three methods¹⁷ (provisions) the Council could employ that would be more effective in achieving an affordable housing objective. I agree that these District Plan methods would be more effective in enabling affordable housing from a planning perspective.
- 4.11 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. As such I consider that even as part of a suite of methods, the costs of the proposed method reduce the effectiveness of the method in achieving the outcome.

Other reasonably practicable options

- 4.12 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.
- 4.13 In land use terms this includes a supportive set of residential density or intensity provisions, and zoned-land available to increase the housing

¹⁶ Albeit subject to an operational decision by the Council.

¹⁷ Economic evidence by Mr Colgrave, paragraphs 111 – 128.

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 (such as dwellings listed on AirBnb, Bachcare, Bookabach) 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.

- 4.14 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 accommodation as a result of the volume of short-term residential visitor accommodation¹⁸. In my view this would be a more appropriate focus of financial contributions as there is a correlation between this land use activity and an adverse effect on housing availability and affordability.
- 4.15 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

- 4.16 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 QLDC intensification plan change, the Variation will stymie ability for a portion of that supply to be delivered.

¹⁸ Economic evidence of Mr Colgrave, paragraphs 62 - 74.

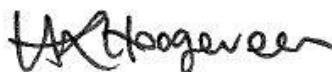
- 4.17 In this regard Objective 2 of the NPS-UD will not be achieved as the planning decision to include an additional tax on residential development will reduce feasibility and therefore not support competitive land and development markets.
- 4.18 As such I consider that the Variation will not be consistent with the NPS-UD.

5. CONCLUSION

- 5.1 The FFB zone has been subject to years of litigation prior to its inception in the Operative District Plan in 2014. The Queenstown Lakes Community Housing Trust was a party to those proceedings, and reached a settlement with QCL on the basis that the court found the minimum density provisions in the C2 activity area was sufficient to provide for a housing typology that could be affordable in the market. The financial contribution of proposed Chapter 40 should therefore not apply to residential developments or subdivisions in the FFB zone, per proposed Rule 40.6.1.3(d), and my amendments at **Appendix 1** to avoid doubt.
- 5.2 If in the event the Hearings Commissioners do not consider the FFB zone to fall within the exemption at Rule 40.6.1.3(d), I have undertaken an assessment 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 housing supply, and will not effectively nor efficiently meet the housing affordability objective.
- 5.3 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.
- 5.4 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. I consider that housing affordability is an issue for a much broader sector of society. Consequently, the methods employed to address the objective need to be broader.

- 5.5 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 QCL'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.



Hannah Hoogeveen

20 December 2023

Appendix 1: Proposed Amendments to Rule 40.6.1.3(d)

Appendix 2: Floor plans, Remarkables Residences

Appendix 3: Excerpt from PC19 Environment Court Decision