

Before Queenstown Lakes District Council Independent Hearing Panel

In the Matter of the Resource Management Act 1991 (**Act**)

And

In the Matter of an application for the Inclusionary Housing Variation by Queenstown Lakes District Council to amend the Proposed District Plan

Evidence Summary of Hannah Lee Hoogeveen on behalf of Queenstown Central Limited

(Primary Submission 120)

(Planning)

Dated 5 March 2024

Summary of Key Points

1. Since preparing my primary evidence I have:
 - a. Observed the witness conferencing of the economic expert witnesses,
 - b. Participated in witness conferencing with the other planning witnesses, and
 - c. Reflected on the rebuttal evidence, particularly of Amy Bowbyes and David Mead, and
 - d. Listened to some audio of the hearing.
2. The key points raised in my primary evidence related to two matters:
 - (a) exemption of the Frankton Flats B zone from the Variation; and
 - (b) the proposed Variation's method not being the most appropriate method in achieving the objective.
3. Regarding the first matter, I accept that the Trust's settlement on Plan Change 19 for the Frankton Flats B zone (FF-B) does not fall within the intention of the "previous agreements" exemption criteria in Rule 40.6.1.3(d) of the proposed Variation. However, the innovative residential density provisions in FF-B are acknowledged as enabling of AH.¹
4. *Variation method not the most appropriate method to achieve the objective*
5. In my opinion, the housing affordability objective may be appropriate at least at a strategic level within a District Plan. This is because methods of a District Plan, such as zoning and density rules, can have an effect on the availability of housing resources.
6. However, I do not consider that the proposed method, being a financial or land contribution from most multi-unit residential developments within the urban areas of the District, is the most appropriate method to achieve the housing affordability objective in a section 32 sense.
7. In terms of efficiency, I rely on the evidence of Mr Colgrave [para 45] who states that the proposed financial contribution it is not an efficient economic tool because he expects it to aggravate the issue it seeks to address.
8. Mr Colgrave also compares different forms of local government fund-raising by various means,

¹ NZEnvC 197 [2014] – attached to my primary evidence

including rates, development contributions and financial contributions. In terms of efficiency, 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 development. 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 to address a district-wide issue than the proposal.

9. I note the acknowledgement in Ms Bowbyes rebuttal statement² that Council is already using general rates to contribute to the Housing Trust, albeit in small sums. To not support a rating approach (as unpalatable)³ is not to assess its efficiency or effectiveness.
10. In terms of effectiveness, my understanding (in reliance on Mr Colgrave’s evidence) is that the proposal is essentially a distortionary tax, that will have the effect of making all other housing in the District more expensive and therefore less affordable to all those except beneficiaries of the Trust’s work. 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. Even if this figure were expanded 5-fold to 3% it remains a very small segment, and it seems more appropriate and more 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.
11. In my view, the consequences of the methods of this Variation will act as a disservice to those who have a “low to moderate” income but sit outside of the Trust’s criteria, and therefore the objective in its entirety is not being effectively achieved.

Other matters

12. The proposed financial contribution (method) has an activity status (being permitted if it forms part of a development proposal, or discretionary if it does not). I understand that if the financial contribution forms part of a proposal, the Council would then impose the financial contribution as a condition of consent to ensure that it can be enforced. In my experience of implementing financial contributions, there is typically a link between the adverse effects of development and the purpose for the mitigating financial contribution. This means that at the plan-making stage, there is an identified adverse effect from an activity, that is then to be mitigated by way of a financial contribution for a specified purpose. I have difficulty correlating the alleged adverse effects of constructing houses on affordability, and question whether this method is being

² Ms Bowbyes rebuttal at para 2.4

³ Ms Bowbyes rebuttal at para 2.6

appropriately applied.

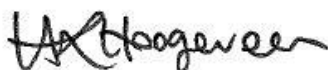
13. The only exception to this is where houses exceed any maximum density provisions. This is exactly how the consideration of adverse effects on affordable housing has been incorporated into the FF-B zone provisions. For example – where a proposed housing development falls short of the required average density of 1 dwelling per 200m², there is an assessment criterion relating to consideration of housing affordability for low to moderate incomes (Assessment Criteria 12.20.7.4(vii)(b)).
14. The importance of this is that there is already a zone in the District which draws a correlation between lower densities and affordability considerations. I note that the Te Pūtahi/Ladies Mile Variation is also proposed to introduce a similar assessment criterion where the density thresholds are not met (Council's position is 50 dph minimum in the High-Density Residential Precinct at the time of writing).
15. FF-B was one of the first planning initiatives in QLD that is in play in enabling of typologies that provide for more affordable housing. For example, the average density requirement of 1 dwelling per 200m² means that any density greater than this is enabled. Within the first stage that has been developed, a number of the units have a self-contained studio unit on the ground floor. This provides for a housing option for a non-family, low-income worker in the vicinity of a transport and service hub. These dwellings were consented in 2016 and the FF-B zone has only been operative since 2014, which is relatively recent. This leads into my next point relating to monitoring of effectiveness.
16. I agree with Ms Bowbyes that the Council is currently undertaking a number of measures to increase the supply of housing to the District,⁴ including the Intensification Variation and the Te Pūtahi/Ladies Mile Variation. In my view these recent measures are assisting the Council with achieving Objective 1 of the NPS-UD as it relates to “well-functioning urban environments”, and the enablement of a variety of homes⁵. It would be prudent to wait and see what effect these, and other recent variations will have on the cost of housing in the District.
17. In relation to RVA I note that Ms Bowbyes acknowledges that the provisions have only recently been settled and that *it is appropriate to monitor the provisions before considering any review*.⁶ I take it that she means to monitor the effectiveness of the provisions and I agree that these, and other relevant provisions in play, need to be monitored as to their effectiveness to improve AH.

⁴ Ms Bowbyes rebuttal at paras 3.4 – 3.10

⁵ Policy 1(a)(i) of the NPS-UD

⁶ Ms Bowbyes Rebuttal at para 2.13

18. In my evidence I address the NPS-UD and note that Mr Mead has also addressed the national direction to support (or limit as much as possible) adverse impacts on the competitive operation of land and development markets in his rebuttal evidence [para 3.1]. It is my understanding from Mr Colegrave that any extra costs imposed by this variation will either (i) increase the sales prices of new homes and sections and/or (ii) reduce development margins. If the latter occurs to a material extent, project viability could be undermined, thus displacing development activity elsewhere. Consequently, this Variation could adversely affect the competitive operation of the district's land and development markets, which defies the competitive mandates in the NPS-UD. On the other hand, if prices rise due to this variation, housing affordability will be even worse for all first home buyers, except the small minority helped into a new home via the Trust.
19. Therefore based on the evidence of Mr Colgrave, the risk of implementing the Variation is that Objective 2, and Policy 1(d) of the NPS-UD will likely not be met. At Para 6.5 of his rebuttal evidence, Mr Mead notes that the cost of rates is less likely to be factored into land prices than the AHFC. In that regard, a method that does not affect the competitive operation of the residential development market would be more supportive of the NPS-UD.
20. Overall it is my view that the methods of the Variation are not the most appropriate in achieving the housing affordability objective. In this respect, I note that having participated in witness conferencing and having produced rebuttal evidence Ms Bowbyes suggests that there *is no single solution to addressing housing affordability*⁷(with which I agree).



Hannah Lee Hoogeveen

5 March 2024

⁷ Ms Bowbyes Rebuttal at para 3.2