

Before the Independent Hearings Panel

Under the Resource Management Act 1991 (**RMA**)

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

Summary and Supplementary Evidence of Lawrence Yule

4 March 2024

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**anderson
lloyd.**

Introduction

- 1 My full name is Lawrence Yule.
- 2 I prepared a Statement of Evidence on the Inclusionary Housing Variation dated 19 December 2023 (**Statement**).
- 3 My qualifications and experience are set out in my Statement.
- 4 I reconfirm that I have read and agree to comply with the Code of Conduct for Expert Witnesses in the Environment Court Practice Note 2023.

Summary of Evidence

- 5 QLDC is attempting to use financial contribution mechanisms tied to residential subdivision and development to fund a solution for a social issue. I am not aware of another Local authority successfully implementing such a scheme in New Zealand.
- 6 Internal advice from QLDC staff and released legal advice, both indicate rating mechanisms are legally possible but are not favoured because of political difficulty. This is common with many public policy and funding discussions.

Financial Analysis

- 7 In my experience, when considering how to charge for the provision of new infrastructure or services, Councils would normally present an options paper including detailed financial advice on all the alternatives. This is a normal prerequisite for rating or development levy decisions and subsequent public consultation.
- 8 Such an analysis would normally consider the scale of funds required, the beneficiaries of such funding, who should be fairly levied for such services, if the charges are reasonable and tax implications. Decisions are often made to share the funding costs across all ratepayers as opposed to a select sector of new development.
- 9 QLDC has confirmed, in a response to a LGOIMA request, that a rating funding analysis does not exist.¹

Local Government Rating

¹ Letter from QLDC to Anderson Lloyd dated 11 December 2023

- 10 Rates are a tax on property value except where Uniform Annual Charges or Targeted Rates are used to moderate the value range. For the General (and many Targeted Rate) components, the higher the value the higher the rates. Queenstown property values are higher than other parts of New Zealand but there is nothing to prevent a rating mechanism being used to fund affordable housing.
- 11 I draw a comparison with Pensioner and Social Housing provided by many Councils in New Zealand. While user charges are implemented, any unfunded costs are funded by General or Targeted Rates or incorporated into Uniform Annual Charges as funding for a public good.

Development Contributions

- 12 The Alternative Options Memorandum confirms my understanding that Development Contributions would not be possible for Affordable Housing as the function does not fit the definition of community or network infrastructure. While this position is correct, it does appear to me this is exactly what the QLDC is attempting to do the Inclusionary Housing Variation.

Queenstown Lakes Community Housing Trust

- 13 I make no representation on the effectiveness of the Queenstown Lakes Community Housing Trust (QLCHT). It is however very unusual for the Local Authority to collect what are effectively development levies and then give them to a non-elected Trust.
- 14 The QLCHT is not a charitable entity and is subject to normal Trust taxation obligations. Rates and Development Levies collected by Councils are exempt from Taxation. While the QLCHT will seek to manage its tax obligations it does highlight a real difference in the normal funding of growth infrastructure.
- 15 Councils are subject to rigid auditing and public disclosure requirements including the Office of the Auditor General, Local Government Official Information and Meeting Act (LGOIMA) in the setting of rates and development contributions. It is highly unusual for a Trust to be given long term funding Council without owning the asset or the normal public accountability requirement around democracy and reporting. Additionally, Trustees are not subject to democracy through public elections.

Community Housing Providers (CHP's)

15. QLCHT is a registered CHP, and tenants can therefore access Income Related Rent (IRR) support from the government. This is not available to Council owned social or pensioner housing.
16. While CHP's have detailed accountability and auditing requirements this is centred on the viability of the CHP and the services offered. This is a different obligation to the Local Government Act 2002 on Councils and Council Controlled Organisations on how Development Levies or Rates are spent.

Council Controlled Organisations (CCO's)

26. Councils often consider a CCO model to provide arm's length delivery of services, often involving specialist directors. This provides overall Council control, strict auditing requirements from the Office of the Auditor General and full public accountability and reporting. A Council or CCO can set up a CHP if the entity is at complete arm's length.
27. While the Queenstown Lakes Community Housing Trust was initially set up as a Charitable Trust in 2008 it was removed from the Charities Register in July 2011. In my opinion if the original Trust Deed remains unaltered, the Trust Deed alone does not meet the normal public accountability requirements for the use of Local Government funds which are effectively Development levies.



Lawrence Yule

4 March 2024