

Statement of David Wightman – CEO RCL Group – Queenstown Lakes District Plan Review Hearing – Resort Zones - February 2017

My name is David Wightman. I am a Director of RCL Real Estate Pty Limited (RCL). RCL is the parent company of RCL Henley Downs Ltd. RCL Henley Downs Limited owns the land known as Hanley's Farm which is best described on the structure plan as R(HD) A to E. RCL Henley Downs Limited has owned R(HD)- E since 2013 and has had an interest in the balance land, as mortgagee since 2007. It took ownership of the balance land in 2016 by exercising its rights as mortgagee in possession and foreclosing on the borrower. In addition to this RCL has entered into contracts of sale for the land described as R(HD) F & G, R(HD-SD-1,2) together with the land known as "the spur land". Further, RCL subsidiaries own Lot 12 (commonly known as the "Infrastructure Land") at Jacks Point and holds defaulted mortgages over land at Jacks Point Village which is owned by Jacks Point Village Limited, known as Lot 2, Lot 4 – Lot 12. RCL is also a controlling member within the JPROA structure. In the context of the Jacks Point Zone RCL owns or controls the largest parcel of the developable yield within the Zone.

My background is in property development and property finance. I have been involved with the assets of the RCL Group for in excess of 10 years and became the executive director of RCL Real Estate Pty Limited in late 2013. I hold a Bachelor of Business, majoring in accounting and sub majoring in economics and I am also a Certified Practising Accountant.

In opening, I have to say that I am surprised and disappointed in seeing some of the evidence that has been tabled by those representing the various Jacks Point entities in particular in so far as it relates to challenging the density for R(HD)E. The proposed density for R(HD)E and Hanley's farm overall was dealt with through the PC 44 process and indeed these parties who now choose to challenge the density fully supported it in PC 44 and were intricately involved in the analysis that supported the density arguments in PC 44. The suggestion that they were misled by RCL and its consultants and / or that they had not understood the density provisions is offensive. Commissioners should also be made aware of the fact that the parties representing the various Jacks Point entities have entered into a binding and reciprocal agreement with RCL that all parties will not object to or contest the outcome of PC 44 in so far as it applies to the other parties land, including in the District Plan Review. If it would assist Commissioners I am happy to make this document available. In respect to the JPROA, I am vexed as to how they can make a submission into the District Plan Review, as one of the Controlling Members I can assure you that I have not been made aware of any properly constituted meeting of the JPROA where a submission to the District Plan Review has been tabled.

RCL is a residential development company based in Melbourne, Australia. Its core business is the development of master planned residential communities. Over time RCL has developed small scale projects and larger master planned communities yielding up to 4,000 lots. The management team, at RCL, led by me, has developed and delivered in excess of 7,000 lots over the past 10 years. RCL is not a land banker it is an active residential developer. RCL's focus is at the affordable end of the market through to traditional second and third home buyers rather than the luxury end of the scale. It is foremost a land developer, but is also building a track record in delivering built form residential construction.

With the history and experience of developing a considerable number of lots over the past 10 years, in a number of large scale master planned communities, we understand that projects, such as Hanley's Farm, will take many years to develop, through several cycles. We know from experience that markets exist for many different lot types within the life cycle of a project and that a "standard" sized lot in year 1 will be bigger than a "standard" sized lot in year 10. The dynamics around this are many and can include the size and type of family unit. A key rationale for the Hanley's Farm yield outcome was to ensure that there would be a varied pallet of lot types and density mixes that worked to the sites topography and to the market dynamics. This naturally saw greater density around Lot R(HD)E, although importantly it was a lower density than the previously approved ODP for this site, (the original approval was considered to be commercially unviable). A key part of

the future success of Hanley's Farm will be to offer well priced land with a minimum of encumbrances such as covenants, Body Corporate fees and overly complicated and opaque design review panels that can leave aspiring home owners defeated and considerably out of pocket.

The outcome of PC 44, in relation to the Hanley's Farm site, was acceptable to RCL and has provided confidence for RCL to commit to a substantial general scheme infrastructure spend to bring the council scheme waste water disposal and potable water supply into the Jacks Point Zone. This considerable infrastructure spend is only viable with the certainty of the PC 44 decision and confidence that it is an enduring outcome. RCL has not delayed in bringing Hanley's Farm to market, having already sold in excess of 175 sections, committing to a rolling release program and commencing construction. Importantly, RCL has released competitively priced sections in each market release, the lowest price being \$200,000.

RCL has considerable experience in developing and delivering affordable housing, achieving both high standards of amenity and comparatively affordable pricing. It has successfully done this on a number of its projects in Australia. One important way to provide for the entry level / affordable sector of the market is to offer relatively small sections that can be developed with a minimum of compliance cost. This includes standalone houses on small sections as well as attached / terraced home typologies. This was an important point made and accepted at the Plan Change 44 hearings. We are realistic about the challenges of such product in a small market, however it is important to be able to develop affordable product at Hanley's Farm as the project offers considerable potential in addressing the affordability challenges faced within the wider catchment. I therefore support the density ranges provided for in the proposed District Plan zoning, but would like to see the Plan made more consistent in enabling such outcomes.

The District Plan Review has also provided RCL an opportunity to ask for the infrastructure land, (lot 12 on DP364700), to be rezoned. This land has potential to be more efficiently used than the current zoning provides. We have in mind that the site could be useful to be developed for education and / or recreational purposes. We have often been approached by commercial and community groups interested in developing for such purposes. We tasked consultants with advising on how the zoning on this land could be amended to appropriately enable such development, recognising that the development would need to be relatively low density and visually non- intrusive to the adjoining neighbourhood at Jacks Point. We are aware of the waste water easements over this site and are confident, given the size of the site that we would be able to negotiate the relocation of these easements, or otherwise through steps under the Property Law Act.

CONCLUSION

Hanley's Farm will fill a gap in the market for a range of residential development options including entry level or lower priced housing and sections. This was a core rationale and accepted principle in the approval of PC 44. Re-opening the debate on the approved densities for Hanley's Farm creates significant uncertainty for RCL and causes us to question the rationale around the significant infrastructure spend that we intend on committing to. In the wider context of the debate on housing affordability within the area, this uncertainty only creates delay and adds to cost. We can either be part of the problem here or part of the solution. The outcome for RCL in PC 44 goes a considerable way to being part of the solution, hence what all affected parties agreed to with PC 44 should stand.

On Lot 12 DP364700 RCL sees the suitability for an education or recreational facility to be established in a way that will integrate well into the wider Jacks Point / Hanley's Farm community.

15 February 2017