

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 Ladies Mile Property
Syndicate Limited Partnership**

(Primary Submission 149)

(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;
 - c. Reflected on the rebuttal evidence, particularly of Amy Bowbyes and David Mead; and
 - d. Listened to some of the hearing audio.

2. The key points raised in my primary evidence related to the proposed Variation's method not being the most appropriate method in achieving the objective.

Variation method not the most appropriate method to achieve the objective

3. 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.
4. 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.
5. 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.
6. Mr Colgrave also compares different forms of local government fund-raising by various means, 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.
7. I note the acknowledgement in Ms Bowbyes rebuttal statement¹ that Council is already using

¹ Bowbyes rebuttal at para 2.4

general rates to contribute to the Housing Trust, albeit in small sums. To not support a rating approach (as unpalatable)² is not to assess its efficiency or effectiveness.

8. In terms of effectiveness, my understanding (in reliance on Mr Colgrave's evidence) is that the financial contribution 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, 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.
9. In my view, 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

10. Whilst I acknowledge that under s108(10)(a) a Financial Contribution could be applied as a condition of consent for a purpose specified in a plan, in my experience, financial contribution conditions are typically used to mitigate or off-set adverse effects of a proposal rather than general fund raising to address a district wide issue. In this case the district wide issue of affordability has a number of causes which were agreed to at the planning caucusing. The planners agreed³ that one of these causes is historical lower density residential development. The adverse effects of which have been permitted by the District Plan. In this effects-based planning regime, I have difficulty correlating the adverse effects of constructing houses on affordability.
11. 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 proposed to be incorporated into the Te Pūtahi/Ladies Mile zone provisions. For example – where development doesn't meet the average minimum density of 40 or 50 dph (Council's position at the time of writing) there is an assessment criterion relating to consideration of housing affordability for low to moderate incomes. This is important, because there it shows that there could be another new zone in the District that draws a correlation between lower densities and affordability considerations.
12. This Variation is still awaiting a recommendation by the IHP, which leads into my next point

² Bowbyes rebuttal at para 2.6

³ Page 3, Planning JWS

relating to monitoring of effectiveness.

13. 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 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.
14. 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.*⁵ 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 before a clearer picture of the situation will emerge.
15. 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 and Mr Anderson 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.
16. Therefore based on the evidence of Mr Colgrave and Mr Anderson, 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.
17. 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*⁶(with which I agree).

⁴ Ms Bowbyes rebuttal at paras 3.4 – 3.10

⁵ Ms Bowbyes Rebuttal at para 2.13

⁶ Ms Bowbyes Rebuttal at para 3.2

H Hoogveen

Hannah Hoogveen

5 March 2024