



**DRAFT SUBMISSION ON
QUEENSTOWN LAKES DISTRICT COUNCIL
“Planning for Affordable Housing”**

To: Queenstown Lakes District Council
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Name of Submitter: Shaping Our Future Inc.

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Shaping Our Future wish to be heard

This is a submission on the Queenstown Lakes District Council (“the Council”) in relation to “Planning for Affordable Housing”.

Shaping Our Future is an independent, apolitical, non-profit organisation created in 2011 to give the people of our community an opportunity to shape their future. We work with the community to create a long-term vision and roadmap for the future as our district continues to go through rapid change, even with the recent disruption of Covid-19. Shaping Our Future is governed by a volunteer Board.

The following submission is based on information gathered from the community in a number of community forums and community task force reports, most notably:

1. Shaping Our Future Wellbeing Forums 2021
2. Shaping Our Future Wakatipu Freshwater Report 2021
3. Shaping Our Future Climate Challenge Forum 2019
4. Shaping Our Future Lake Hayes Estate/Shotover Country Community Forum 2019
5. Shaping Our Future Upper Clutha Freshwater Report 2019
6. Shaping Our Future Frankton Masterplan Forum 2018
7. Shaping Our Future Upper Clutha Transport Report 2018
8. Shaping Our Future Queenstown Transport Report 2017
9. Shaping Our Future Arrowtown Community Visioning Report 2017
10. Shaping Our Future Glenorchy Community Visioning Report 2016
11. Shaping Our Future Upper Clutha Conservation Report 2016
12. Shaping Our Future Visitor & Tourism Report 2015
13. Shaping Our Future Energy Report 2014
14. Shaping Our Future Economic Futures Report 2014
15. Shaping Our Future Innovation Forum 2013
16. Shaping Our Future Events Report 2012 and Update 2016

While some of the forums and reports are some years old, the Shaping Our Future process and long-term visioning means that the recommendations put forward by the community are enduring. Recent Wellbeing Forums have reconfirmed those long-term community visions and priorities but with a focus on economic recovery, diversity and tourism in the current Covid-19 climate. However other community priorities such as housing affordability (cost of living) climate and transport are still relevant with a general view that the Covid-19 situation has given the region a chance to reset and do things better moving forward.

Shaping Our Futures Context for Affordable Housing:

The context that the communities of the Queenstown Lakes District find themselves as we begin to see a way out of the COVID-19 crisis allows visions of a future that includes less mass over-tourism, increased sustainable and resilient “regenerative” tourism, a diversifying economy away from our historic reliance on mass-tourism, carbon neutrality, within a set of communities that residents can afford to live in.

Previous approaches to addressing the housing affordability crisis have been aimed at small-scale interventions through negotiated inclusionary zoning within new developments that required resource consent either under the district plan or the now expired QLDC Special Housing Area Policy. The small amount of affordable housing provided from this approach, while very welcome, cannot begin to address the failure of the current model to provide a more diverse supply of housing stock.

A more progressive and holistic approach is required to make the needed changes to development and investment philosophy and decisions in the district. For housing affordability to be addressed, larger-scale and longer-lasting affordable housing provisions need to be included in the district plan and in or funded by future new developments and re-development of existing residential areas throughout the district.

Summary of Submission Recommendations:

Option 1: Update the District Plan to reduce and remove controls that affect affordability, and at the same time, negotiate with developers to provide retained affordable housing when Council is able

Shaping Our Future recommends that Option 1 be rejected.

Option 2: Update the District Plan to provide a bonus/incentive to developers for the provision of retained affordable housing

Shaping Our Future recommends that Option 2 be rejected.

Option 3: Update the District Plan to implement a mandatory requirement for developers to include some retained affordable housing – applied to new developments only

Shaping Our Future recommends that Option 3 be rejected.

Option 4: Update the District Plan to implement a mandatory contribution to include some retained affordable housing – applied to both new development and redevelopments.

Shaping Our Future recommends that:

- a. Option 4 be accepted,*
- b. Conditions put on resultant affordable housing contributions to enable them to be permanent rather than limited to the time of sale, and*
- c. A more meaningful compulsory inclusionary zoning affordable housing contribution be applied to all future residential developments and re-developments, set at a level appreciably higher than the 5% applied in negotiated consents recently.*

Further Recommendations:

Residential Visitor Accommodation permitted activity a threat to housing affordability

Shaping Our Future recommends that the proposed plan change include modification of the rules in the district plan pertaining to Residential Visitor Accommodation to restrict the proportion of new developments or redevelopments to no more than 10% Residential Visitor Accommodation.

Discussion of Options and Submission Recommendations:

Option 1: Update the District Plan to reduce and remove controls that affect affordability, and at the same time, negotiate with developers to provide retained affordable housing when Council is able

Given that the housing affordability crisis real, and has endured and perhaps worsened through the COVID crisis, and the council's statutory responsibility under the Local Government Act and Resource Management Act is to protect and provide for the holistic wellbeing of the communities of the district, the almost do-nothing option 1 is not an option at all.

Given the commercial imperative for developers to maximise profit, merely "negotiating" with them to encourage them to make provision for affordable housing, with no regulatory incentive/requirement to do so, the likely outcome would be a breach of the council's statutory role.

A negotiation-based approach would be extremely demanding on council staff or contractor and developer time, for little if any assured gain.

A market-led approach to addressing a market failure is assured to be a failure as well, based on historical data.

Shaping Our Future recommends that Option 1 be rejected.

Option 2: Update the District Plan to provide a bonus/incentive to developers for the provision of retained affordable housing

Height and scale allowances are already more than adequately provided for elsewhere in the district plan, particularly in relation to medium and high-density housing development.

This option puts other policies and rules in the district plan at risk and would add considerable uncertainty to existing residential and other property owners, as well as for future developers.

Shaping Our Future recommends that Option 2 be rejected.

Option 3: Update the District Plan to implement a mandatory requirement for developers to include some retained affordable housing – applied to new developments only

This is a peculiarly limited option, applying only to the point in time when currently rural zoned land is "up zoned" to residential, when in many cases there should be numerous later opportunities to consider the most appropriate means of providing for and requiring lasting affordable housing throughout the district.

The district is likely to see considerable in-fill and re-development of past residential, commercial, and recreational areas, many of which are conveniently close to places of work, education, healthcare, and other services and facilities. Leaving these areas out of future inclusionary zoning rules would be significant lost opportunity in the council and community achieving its affordable housing, transport, climate change mitigation, and economic diversification objectives.

Shaping Our Future recommends that Option 3 be rejected.

Option 4: Update the District Plan to implement a mandatory contribution to include some retained affordable housing – applied to both new development and redevelopments.

Although this type of policy is working well in other jurisdictions, in particular similar alpine resort communities in the USA, this is the only option that offers any real possibility of addressing the affordable housing crisis in the district.

Affordable housing contributions, especially when these are sections, houses, or apartments that are offered onto the market at an "affordable" price are all too often resold shortly thereafter at significantly higher prices that put them immediately out of reach of the intended local market.

The standard approach for new developments to provide 5% in value or number of properties for affordable housing, in what is referred to as “inclusionary zoning”, is making an imperceptible impact on the affordable housing market in the district.

Shaping Our Future recommends that:

- a. Option 4 be accepted, and*
- b. Conditions put on resultant affordable housing contributions to enable them to be permanent rather than limited to the time of sale, and*
- c. A more meaningful compulsory inclusionary zoning affordable housing contribution be applied to all future residential developments and re-developments, set at a level appreciably higher than the 5% applied in negotiated consents recently.*

Further Recommendations:

Residential Visitor Accommodation permitted activity a threat to housing affordability

The commendable efforts of the council to enable and require affordable housing are rendered toothless because the residential housing market is being significantly distorted by the Residential Visitor Accommodation being a “permitted activity” in all residential zones of the district.

The ability of speculative investors to purchase homes intended for “residential” use to place entirely in the “visitor” rather “residential” accommodation rental market. With houses and apartments often close to places of work, education, health and other services, being left empty for the majority of the year. This is causing residential buyers and renters to have to go further and further afield to find somewhere “affordable” to live, adding considerable transport-related financial and time costs.

Shaping Our Future recommends that the proposed plan change include modification of the rules in the district plan pertaining to Residential Visitor Accommodation to restrict the proportion of new developments or redevelopments to no more than 10% Residential Visitor Accommodation.