

Before the Independent Hearings Panel

Under the Resource Management Act 1991

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

Statement of evidence of Mark Tylden on behalf of Glenpanel Development Limited

19 December 2023

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Introduction

- 1 My full name is Mark Tylden.
- 2 I am one of two directors of Glenpanel Development Limited (**GDL**). I am authorised to give this evidence on behalf of GDL.
- 3 My professional background is in international Oil and Gas Exploration and Production, specifically Deepwater Subsea engineering on large and complex projects. I have held a number of senior roles in major projects, including as Lead Engineer, Principal Engineer and in Senior Management.
- 4 Many of the projects I was involved with were multi-billion (US) dollar projects, of significant complexity and risk, but were able to be delivered far quicker, and with significantly less regulatory red-tape, than much of what appears to be the norm for development in Queenstown.
- 5 This evidence is provided on behalf of GDL, in relation to the Inclusionary Housing Variation to the Queenstown Lakes District Plan (**PDP**) (**Variation**).
- 6 In this evidence, the term “we”, refers to GDL. If there is something particularly personal, or which relates to something I have directly experienced, then I will use personal pronoun “I”. In both instances, however, I am giving this evidence as a director of GDL.

Scope of evidence

- 7 My evidence addresses the following:
 - (a) Development of Flint's Park;
 - (b) Uplift in zoning/planning rights; and
 - (c) Alternative options.
- 8 I have reviewed the following documents in preparing this evidence:
 - (a) Inclusionary Housing Plan Change – Section 32 report;
 - (b) Inclusionary Housing Plan Change – Proposed Provisions; and
 - (c) Issues and Options: planning for affordable housing memorandum – Meredith Connell.

Executive summary

- 9 GDL has an interest in, and is wishing to develop, land known as 'Flint's Park' (**Site**), on the Ladies Mile.
- 10 I have a personal connection to the Site and its surrounds, as the existing Glenpanel homestead is the family home, which my family farms. We have a long association with the Site, and I am significantly “hands-on” in the hobby farming of the Site.
- 11 The purpose of this evidence is to explain the difficulties that we have had in developing the Site, and the consequences for us as a developer if the Variation proceeds in its current form.
- 12 Queenstown desperately needs housing. The delays we have experienced in our ability to deliver housing is hugely frustrating, both for GDL as an applicant, but also for all the current and potential members of the community who want affordable housing options to buy or rent.
- 13 Queenstown Lakes District Council's (**QLDC**) lack of zoning, and lack of support for consenting for housing development, are, from what I have seen in the market, the most important contributors to the housing crisis. Rather than imposing additional costs on developers, such as through this Variation, QLDC should be seeking to reduce costs, red tape, and delays to developers, and find ways to better incentivise residential subdivision and development, or at least better facilitate it, rather than disincentivise it further. Reducing the time for processing consents, as well as engineering approvals, would be another significant help, at a very practical level.

Background

- 14 We had originally thought the Site would be developed as part of the Housing Accords and Special Housing Areas Act 2013 (**HASHAA**) process. This followed, in 2017, QLDC including the Ladies Mile into Category 2 of the HASHAA Implementation Policy. This specifically included:
 - (a) an Indicative Master Plan; and
 - (b) an Indicative Landscape Strategy; and the Ladies Mile Development Objectives.
- 15 Ultimately, the Special Housing Areas that were proposed in Ladies Mile as part of the HASHAA were not adopted by QLDC – despite officer recommendations in support, and in April 2019, the opportunity to develop Ladies Mile under HASHAA fell away (with the repeal of that legislation).

- 16 At the time, our HASHAA application was refused by QLDC councillors; the key impediment appeared to be political. The vote was split 6-4 with councillors opting to investigate a council-led masterplan and plan Variation for the area.
- 17 Through the HASHAA process, however, it became clear that developing Ladies Mile was an important piece of the puzzle to cater for Queenstown's future growth. Therefore, notwithstanding QLDC's rejection of the HASHAA application, in late 2019, it agreed that the Ladies Mile area should be developed for urban purposes in the medium term and that a proactive Council-led planning approach should be taken. This led to the Ladies Mile Te Pūtahi Masterplan Establishment Report in February 2020.
- 18 This then resulted in QLDC preparing a Masterplan over the Ladies Mile, that became known as Te Pūtahi Ladies Mile Draft Masterplan (**Masterplan**) and Plan Variation. On 28 October 2021, QLDC adopted that Masterplan over the whole Ladies Mile area. On 30 June 2022, QLDC adopted a final Masterplan, and Plan Variation to the PDP that it was to request the Minister put through the Streamlined Planning Process (**SPP**). The hearings on this SPP process have recently concluded at the time of writing this evidence. GDL was involved as a submitter.
- 19 In short, it has taken far too long time to get to the point of the SPP Variation, which has only now just been through the hearing process. And the zoning might still not be settled by the Minister's decision until, say, mid-next year (2024) (and potentially longer, depending if there is any challenge by way of judicial review to the SPP Panel's recommendation or the Minister's decision) Then we will have to get consent.

Key concerns

- 20 My understanding and interpretation of the implications of the Variation have also been conveyed to me by the wider legal and expert team.
- 21 GDL's key concerns regarding the proposed Inclusionary Housing Variation are as follows:

Development of Flint's Park

- 22 I am most concerned about what effect the Variation will have on our development plans for Flint's Park (if applied to any consent in the future), or on other developments in the district that I might be involved with. I understand QLDC's intention is for 5% of the additional serviced lots created in any development through residential subdivision within urban growth boundaries / residential zones, to be provided to the Council as

either a transfer of land (over 20 additional lots) or as an equivalent monetary contribution (between 1 and 20 additional lots).

- 23 In regards to Flint's Park, where we are proposing some 370-odd dwellings, 5% equates to some 18 or so lots to be provided to QLDC as either a transfer of land or as an equivalent monetary contribution.
- 24 That would be a very significant cost (or loss) to the project. Much is sometimes said about developer's margins, and that developers can simply absorb increased costs, such as this Inclusionary Housing tax. The reality is very different. Most developers have to fund their developments from banks or other funders, and our "margins" are essentially dictated by those funders. They want to see that there is a sufficient margin expected, so that time, cost, overruns, etc. can all occur and for there to still be a viable development. Otherwise, their investment is at too much risk.
- 25 The loss of 5% of land (or monetary equivalent) is a significant additional cost, that then has to be absorbed by the balance of the development. That means passing those costs on. Therefore, housing will become more expensive for everyone else, other than those who might ultimately obtain through the Housing Trust, a lot or development from them.
- 26 The 5% of land (or monetary equivalent) is simply an additional tax, that we, the developer, receive no benefit from. That is how it will be provided for in our balance sheet – i.e. as a tax. It will drive up the cost of development and therefore, as those costs will be passed on, will also drive up the cost of land and houses to the district. It will therefore have the reverse effect compared to what seems to be intended, in terms making housing more expensive generally.

Uplift in zoning/planning rights

- 27 From my personal research into the issues, I understand that the concept of inclusionary housing is commonly associated with an uplift (or planning 'windfall') in zoning / planning rights. In other words, a landowner or developer gets an increase in their land value and greater 'rights' to develop, which goes hand in hand with giving something back to the wider community. That would be a fairer approach, compared to applying the tax to all future residential development without any planning uplift. This was something that we looked at for the HASHA applications (i.e. including an affordable housing component or contribution), as we would have effectively through that process achieved a planning uplift (through the HASHA consent), we cannot accept this would have been possible at the time. However, the delays and holding costs, and costs of securing the planning uplift, mean we cannot support that approach and the opportunity

has been lost. We need to be released to provide housing, with as few cost and other barriers in place as possible.

Alternative options

- 28 If some form of taxation intervention is needed in the housing market in Queenstown, I consider that should be through a central government policy and / or tax response, or, if it is to be led by local government, then through rates.
- 29 As I understand the expert evidence, rates can be applied on a targeted basis in a way that is much fairer and confronts properly what the Variation seeks – i.e. it is a tax, rather than 'financial contribution' supposedly linked to the effects of development. In that regard, I cannot see how, by providing housing (particularly medium density housing, as we are), a developer is causing an adverse effect on housing affordability. It is quite the reverse. By providing housing at scale, we are assisting with housing affordability, not reducing it.
- 30 QLDC's chosen approach, targets a relatively small sector of people, who are providing part of the solution to affordable housing. The application of the Variation in an inequitable way (for example, by excluding a large amount of operative residential zoned land, and excluding commercial / business development) creates a further disincentive for residential development in terms of timing for release of land to market. The Variation is likely to be appealed to the higher courts, and during such time, the costs and uncertainties of development will need to be passed on to the ultimate homeowners, so it will be more expensive for them.

Conclusion

- 31 For some developers, they may need to wait until there is certainty as to their costs, so they can plan, structure, and finance their developments accordingly. We all know that there are some incentives to land-bank, and only release land slowly. This Variation may incentivise that further as developers seek to offset the costs of the inclusionary housing financial contributions to them by waiting until land prices are higher (or constructions costs are lower, if that ever might be the case). I consider that QLDC should just be getting on and rezoning more land to enable developers to provide more affordable housing to the market.

Mark Tylden

19th December 2023