

**In the matter of** A Proposed Private Plan Change 13 to the Central Otago District Plan

**By** River Terrace Developments Limited  
"the requestor"

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**SUPPLEMENTARY HEARING EVIDENCE OF KATE LOUISE SCOTT  
ON BEHALF OF HIGHLANDS MOTORSPORT PARK LIMITED (SUBMITTER 144) AND CENTRAL  
SPEEDWAY CLUB CROMWELL INC (SUBMITTER 45)**

**28 JUNE 2019**

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## **1. Introduction and Qualifications**

- 1.1 My full name is Kate Louise Scott.
- 1.2 My qualifications and experience are detailed in my primary evidence, dated 22 May 2019.
- 1.3 I have complied with the Code of Conduct for Expert Witnesses contained in the Environment Court Consolidated Practice Note 2014. This evidence is within my area of expertise, except where I state that I am relying on another person, and I have not omitted to consider any material facts known to me that might alter or detract from the opinions I express.
- 1.4 This supplementary evidence is provided in response to the matters raised by the proponent (River Terraces Development Limited) in relation to the matters of housing affordability within the Central Otago District and the assertions that there is a housing affordability crisis within Cromwell, as well as addressing matters raised in the revised Section 32(AA) contained in the supplementary evidence of Mr Jeffrey Brown. I have limited my comments to those matters where I express a different opinion to those expressed by Mr. Brown.

## **2. Comments on updated Section 32 Analysis**

- 2.1 Mr Brown has set out in his supplementary evidence at Paragraph 7 some revised wording for Objective 20.3.1, with the view of highlighting the importance of providing both short term and medium-term housing at an affordable price as soon as possible.
- 2.2 Mr Brown notes (Paragraph 11) *'the addition of land to accommodate housing demand in the short and medium term will have a positive effect on the long-term housing supply overall, and therefore contribute to meeting the needs of future generations.'*
- 2.3 In my opinion, this view fails to take account of the effects that arise as a result of the establishment of residential dwellings in an area which is incompatible with medium to high density residential development, especially because of noise effects and effects related to reverse sensitivity. PC13 fails to consider the broader principles of integrated subdivision and development, and therefore in my view does not give effect to the purpose of the Act, specifically it does not give effect to Section 31(1)(d) of the Act or Section 76(3) RMA.
- 2.4 At Paragraphs 13 to 27 Mr Brown provides an overview and analysis of three different options that might be considered to address other *reasonably practicable* options for achieving Objective 20.3.1.
- 2.5 Mr Brown promotes a number of rules which in his view would provide for the RTRA to give effect to Objective 20.3.1, which are set out as *20.7.6 Prohibited Activity Rules and 20.7.7 General Standards*.
- 2.6 I have some reservations with the rules as promoted by Mr Brown. Firstly, Mr Brown has set out what in his view is considered to be affordable, i.e., a lot which is sold for a price between \$180,000 to \$250,000 or less, or a residential unit sold in the range of \$485,000 to \$600,000 or less. However, I have not seen any evidence, which would indicate that \$180,000 to \$250,000 or

\$485,000 to \$600,000 is in fact considered to be affordable in a Cromwell market, as no affordable housing needs assessment has been undertaken.

- 2.7 Secondly, I question that if a plan requires rules of the nature promoted by Mr Brown, then is the proposed plan change in fact appropriate? Certainly, I am not aware of any other district plans which have made provision for fixed prices within the rules framework of a plan.
- 2.8 Rule 20.7.7 (c) in my view does not provide certainty that PC13 will give rise to affordable housing soon as possible, as this provision does not provide for this. It simply states that if 200 affordable lots and 200 affordable houses are not completed within three years of the plan becoming operative, that not further development may occur until such time as the lots are sold, in which case 200 lots and 200 houses may not in fact be provided, and this rule makes this situation no more certain. It simply serves to prevent any further development until the first stage is sold down.
- 2.9 Furthermore, in my view the inclusion of the words "*this subclause does not apply to any application for subdivision or land use consent required to remedy the breach*" is an open ended method that would enable the proponent to apply for a consent at any point even if the 200 affordable lots and 200 affordable houses had not been completed, as it would be an easy assertion to make that an application is for the purposes of remedying the situation where the affordable houses and lots have not in fact been provided for.
- 2.10 In my opinion the mechanisms promoted do not provide certainty or clarity that PC13 will in fact provide for affordable housing (if it is accepted that there is evidence that the housing promoted is affordable) in the short to medium term, not to mention the proposal still fails to address the adverse effects of the proposal in relation to adverse noise effects and effects of reverse sensitivity.
- 2.11 In terms of the proposed general standards (Rule 20.7.7), I fail to understand the purpose of these provisions, as it simply states that the proponent shall provide evidence that the lots have sold within the agreed pricing range set forth. However, the general provisions do not provide a sound mechanism for compliance in the event that the lots are sold for more than the price range mentioned, notwithstanding that Rule 20.7.7 (vii) (d) attempts to address this by starting that CODC shall not issue s224(c) certification for any additional lots in the event lots or houses are sold for more than the specified price range. It does not however set out how this will be achieved, i.e. is it expected that RTDL would need to either refund a purchaser if it is sold for a higher price, or is it necessary for them to apply for a resource consent for breach of the general standard provisions? The rule is in my view uncertain and does not provide certainty that affordable housing will arise as a result of PC13, furthermore the price bands promoted by the proponent are not supported by evidence which demonstrates that they are affordable.
- 2.12 Additionally, I am of the view that Rule 20.7.6 and 20.7.7 would give rise to a significant compliance burden for the CODC that would arise through the management of a rule of this nature.
- 2.13 Furthermore, if the market price for sections dictates that \$180,000 to \$250,000 is the appropriate price for sections (and \$485,000 to \$600,000 for houses), and all sections sell in this range, does

this then give rise to unintended consequences that PC13 will not actually give rise to the provision of affordable houses and affordable lots?

- 2.14 In addition, I ask, what is to stop the proponent from setting up a different entity and selling the lots to this entity within the set price range, and then on selling them at a greater price, which would be contrary to the purpose of providing for affordable housing.
- 2.15 I therefore disagree with the assertion by Mr Brown that Option A, is *reasonably practicable* and gives effect to Policy 20.3.1. In my view the mechanisms promoted for the RTRA are not practicable from an administrative or compliance point of view, and terms of Rule 20.7.6 and Rule 20.7.7 provide no certainty that affordable houses will in fact be provided at all, with 20.7.6 (c) providing a mechanism for applying for a consent that would be deemed to remedy the breach of this rule.
- 2.16 Mr Brown has also assessed the option of rezoning land to achieve more zoned residential capacity (Option C) but has subsequently ruled that this option is not *reasonably practicable* (Paragraph 24).
- 2.17 In my experience, as a director of a Cromwell headquartered Surveying and Planning Consultancy, this assertion is incorrect. A large number of the current subdivisions that we have in progress, as well as enquiries that are being received, relate to both the re-zoning of greenfields land, as well as the up zoning of existing brownfields land. This would account for a significant proportion of the current subdivision jobs we are working on in the Cromwell area and surrounds. It is my view that in most instances these 'other projects' would meet the principles of the Cromwell Masterplan, from both an overall design objective perspective as well as being contiguous with existing residentially zoned land.
- 2.18 Therefore, In my opinion, that makes Option C *reasonably practicable* and one which should be considered as being capable of providing for both short term, medium term and long term residential housing needs within the broader Cromwell area in accordance with the objectives of the operative District Plan, and the Cromwell Masterplan.

### **3. Affordable Housing in Central Otago**

- 3.1 I am one of four trustees of the Central Otago Community Housing Trust (COCHT) which was established to consider the issues of affordable housing within the Central Otago District. The trust was incorporated on 31 August 2018.
- 3.2 Given the importance of the issue of affordable housing to the request by River Terraces Development Ltd (RTDL), I consider it may assist the Commissioners to understand the steps that are being undertaken by the COCHT and the CODC to further quantify and subsequently address issues of affordable housing within Central Otago.
- 3.3 The trust was established at the request of the Mayor, Tim Cadogan, as a result of anecdotal evidence of decreasing housing affordability within the Central Otago District which were raised during the 2016 local body elections.

- 3.4 One of the first tasks of the trust has been to commission a report to provide some evidence and information around housing need and affordability issues within the district. A scope of works and estimate of costs to undertake the needs assessment has been obtained from Community Housing Solutions Limited.
- 3.5 The trust is currently waiting for sign off on the scope and costs of the housing affordability needs assessment from the Central Otago District Council, as the commissioning of the report was funded through a \$50,000 grant to the trust via the annual plan process.
- 3.6 Once the extent of housing affordability with the Central Otago District is known, the role of the trust will be;
- To provide leadership on the issues of affordable housing.
  - To facilitate affordable housing options in Central Otago.
  - To own and manage affordable housing stock in Central Otago.
  - To advocate for affordable housing solutions throughout Central Otago.
  - To work with other community groups.
- 3.7 Until a needs assessment has been completed which identifies the extent of housing affordability within the Central Otago District, it is in my view premature to suggest that there is a housing affordability crisis.
- 3.8 I acknowledge however, that from my observations there certainly has been a decrease in affordability within Central Otago over the past few years and that this issue creates a series of challenges for communities that are experiencing growth.

#### **4. General Comments on Affordable Housing**

- 4.1 Based on my experience and understanding of the issues of affordable housing, delivery of affordable housing solutions will require a mixed delivery method, which means a series of approaches will be required to achieve greater housing affordability.
- 4.2 This may include private development of affordable housing by housing developers, development of non-traditional home ownership models such as those undertaken by the Queenstown Lakes Community Housing Trust (QLCHT) Secure Home Program, as well as the implementation of tools such as developer contributions to make land available for affordable housing where private developers are seeking to undertake residential subdivision and development.
- 4.3 My understanding is that when the delivery of affordable housing solutions is left to one method only, i.e. relying on private development, that invariably market forces will dictate that prices will rise as demand rises, therefore whilst a developer may intend to provide housing which is deemed affordable, this position is quickly eroded by high demand which ultimately pushes prices beyond an affordable level.
- 4.4 One of the key challenges of private developers providing affordable housing, is that such housing is often only 'affordable' for the first purchaser, following which market forces dictate

increasing house prices in a high demand area, making them less affordable for subsequent purchasers.

- 4.5 One of options that non-profit driven providers of affordable housing such as the QLCHT or COCHT can deliver is affordability in perpetuity through methods such as the trust retaining ownership of the land (thus limiting capital gains) and providing long term (100 year) leases for the properties. This is one of many methods which could be utilised.
- 4.6 Other important considerations which are relevant to providing affordable housing can include;
- Utilising in-fill development as an opportunity to avoid the stigma of 'cheap' housing subdivisions.
  - Providing for pedestrian connectivity to key services such as schools, sports facilities and shops. This is considered important for cost constrained households.
  - Providing healthy, well designed dwellings which enable the safety and wellbeing of owners and occupiers.
- 4.7 In considering the suitability of the proposed River Terraces Resources Area (RTRA) for the provision of affordable housing, I acknowledge that the master planned development provides for a good range of section sizes that would enable the development of affordable properties within it.
- 4.8 I do however have reservations that the establishment of affordable housing remote from existing key services such as schools, shops and sports facilities is not desirable from a housing affordability perspective. I acknowledge that the proponent has made provision for an education overlay and business area within the RTRA, however as noted in the submission by the Ministry of Education, *"The level of development in the RTRA is insufficient to justify a state school in the locality...the Ministry does not have any plans to establish a school on the site"*.
- 4.9 This being the case, RTRA would fail to provide good pedestrian access to the nearest schools, being Goldfields Primary School and Cromwell College, which must be a consideration when providing affordable housing.
- 4.10 Secondly, I also have concerns about the health and wellbeing of residents within the RTRA on the grounds of potential adverse noise and amenity effects because of the nature of the adjoining land use (Motorsport Park, Speedway & Horticultural Land Use).
- 4.11 In cost constrained households, there is limited financial means to choose affordable housing, which is not impacted by noise, i.e. if the cheapest housing in town is located across the road from noise generating activities, then these people have limited choice in where to purchase. These cost constrained households also have limited financial means to then vacate their dwellings during noise generating events if the noise is not acceptable to them. In my opinion this creates an issue of health and wellbeing for residents. This is particularly in light of acoustic evidence which indicated that 'annoyance effects' may manifest as a chronic health effect over time.

4.12 In my opinion, there is a role for developments such as RTRA to provide for some level of affordable housing. However, this particular site has some significant deficiencies which mean that it is ultimately not an appropriate location.

## **5. Conclusion**

5.1 I also have reservations regarding the assertion that there is a housing affordability 'crisis' in Cromwell when there has been no expert evidence presented which sets forward the housing affordability needs for Cromwell. Certainly, Cromwell has faced increasing house prices over the past few years and anecdotally it appears that affordability has decreased.

5.2 However, I do not believe there is evidence available that affordability has reach a crisis point. Furthermore because of the current lack of information (which the trust is seeking to obtain) it is very difficult to determine what exactly is or is not affordable, i.e. what is the maximum amount that income constrained households can afford to pay for housing.

5.3 I would also note that the alternative options for addressing this issue are already being deployed, such as significant activity in consenting both brownfield and greenfield sites that fall within the Cromwell Urban Area and provide urban land supply that is more integrated with existing resources and that is not subject to the adverse effects of surrounding land uses.

5.4 I have considered the additional supplementary evidence and changes promoted by Mr Brown, but do not consider that the mechanisms promoted by PC13 (specifically Objective 20.3.1, and Rules 20.7.6 and 20.7.7) give rise to changes which alter my original view that PC13 is contrary to the District Plan, the Cromwell Masterplan and the Resource Management Act.



Kate Scott  
28 June 2019