



Hospitality New Zealand  
Canterbury Branch

**Draft Christchurch Central City Residential Development Contributions  
Rebate Scheme Criteria 2020**

CONTACT DETAILS: Amy McLellan-Minty & Anna Halliday  
Hospitality New Zealand  
Canterbury Branch  
PO Box 503, Wellington, 6140  
P: 027 4501 948 (Amy)  
P: 027 549 8975 (Anna)  
Email: [amy.mclellan-minty@hospitalitynz.org.nz](mailto:amy.mclellan-minty@hospitalitynz.org.nz)  
[anna@hospitality.org.nz](mailto:anna@hospitality.org.nz)

**Introduction:**

Hospitality New Zealand (Hospitality NZ) is a voluntary trade association which has operated since 1902 and currently represents over 3,000 hospitality businesses throughout New Zealand, including Taverns, Pubs, Bars, Restaurants, Cafes, Retail Liquor and Commercial Accommodation providers such as Camping Grounds, Lodges, Motels, Hotels and Back Packers.

Of our 3,000 members, over 1,000 are traditional commercial accommodation operators managing around 28, 000 rooms nationwide. We have 300 financial members (not including affiliates) in the Christchurch Territorial Licensing Authority (TLA)

Hospitality NZ has a 118-year history of advocating on behalf of the hospitality and tourism sector and is led by Chief Executive, Julie White. Hospitality NZ's Canterbury Branch President is Peter Morrison, and our Accommodation Sector Chair is led by Bob Pringle. One of our Christchurch based Regional Managers is Anna Halliday. Our National Business Development Manager, Amy McLellan-Minty is also based in Christchurch.

The Canterbury Branch of Hospitality NZ appreciates the opportunity to provide feedback and congratulates the Council for publicly engaging with the community.

**Canterbury Branch Position**

Allowing Property Developers to financially benefit from the Residential Development Contributions Rebate Scheme under the guise of building permanent residential dwellings in the central city is irresponsible and a waste of rate payers money. It is no secret that property developers like Williams Corporation are in fact building residential dwellings as multi-unit short-term rentals like AirBnB. These short-term rentals are in direct competition with the commercial accommodation sector that pay commercial rates to the Christchurch City Council (CCC). It is paramount that CCC develop a mechanism to recoup the development contributions rebates paid to developers should that dwelling be sold and used for short-term accommodation purposes.

Pre-COVID19, short-term rentals were already having a dire impact on the commercial accommodation sector and CCC are very aware of this. Whilst the New Zealand borders remain closed, the commercial accommodation sector have had the majority of their income eroded overnight and many will not survive the coming winter months. There has been no indication from the New Zealand Government as to when the borders will open again and subsequently, there is a heavy reliance on domestic tourism. Unfortunately, domestic tourists are already electing to stay in short-term accommodation rentals and it

is irresponsible for any Council to turn a blind eye to short-term rental activity at the demise of the commercial accommodation sector.

Hospitality NZ strongly agrees that point 1.16 in the discussion document is necessary, which states:

*“1.16 The Council has also instructed staff to look at options for precluding properties used for short term guest accommodation from receiving or retaining a rebate. Staff recommend that the rebate scheme criteria be amended to require developers to register a restrictive covenant in favour of the Council on the title of the development site that precludes use of the property for short term guest accommodation or for any other business or commercial purpose. The covenant would include a liquidated damages provision to enable the Council to recover the value of the rebate from the owner of the property, in the event of default with the terms of the covenant. The developer would be responsible for the costs of registering the covenant.”<sup>1</sup>*

Hospitality NZ also acknowledges point 2 of the officer recommendations supports this stance, specifically:

*“2. Delegates to the Head of Legal Services to approve the content of a template covenant that will be registered against the title of properties before receiving a development contributions rebate under this scheme, to preclude the use of a residential development for short term guest accommodation or other commercial or business purposes.”<sup>2</sup>*

## **1. Short-term accommodation rental impacts on business and the community**

Hospitality New Zealand has submitted a number of times on the short-term accommodation rental issue and have repeatedly asked for the Current District Plan to be enforced.

Where developers have been financially incentivised to build residential multi-unit dwellings in the city centre, Council is by default, supporting the short-term rental accommodation sector. If Council cannot bring themselves to enforce their own District Plan regarding resource consent outside the mixed-use zone, the least they can do is require developers, whose residential multi-unit dwellings support the short-term accommodation rental model to repay any rebate.

---

<sup>1</sup> [https://christchurch.infocouncil.biz/Open/2020/06/CNCL\\_20200611\\_AGN\\_4046\\_AT\\_WEB.htm](https://christchurch.infocouncil.biz/Open/2020/06/CNCL_20200611_AGN_4046_AT_WEB.htm)

<sup>2</sup> [https://christchurch.infocouncil.biz/Open/2020/06/CNCL\\_20200611\\_AGN\\_4046\\_AT\\_WEB.htm](https://christchurch.infocouncil.biz/Open/2020/06/CNCL_20200611_AGN_4046_AT_WEB.htm)

Financial support for developers has been identified as a way of providing residential property purchasers affordable homes, but if the majority are being designed and developed to fulfil 'other criteria' in the short-term accommodation market, then this is not encouraging residents to purchase these dwellings.

Rather than enabling unconsented environmental effects and more laissez-faire compliance monitoring, a regulatory environment where rules are well defined, communicated and enforced is preferable. To do anything else simply defers the issue of enforcement, creates even greater environmental impacts and compounds the effects of failing to enforce in the first instance.

Applying these practical matters to the tourism sector is even more complicated. That is because the effects of being more enabling are often cumulative as noted by the New Zealand Parliamentary Commissioner For The Environment over twenty years ago in 1997 in the report 'Management of the Environmental Effects associated with the Tourism sector'. The report states:

- *“Also, [these principal effects] are cumulative, and at least have the potential to cause irreversible change to the natural environment and/or human communities. For these reasons, all are significant in terms of tourism sustainability.”<sup>3</sup>*
- *“Gradual erosion of amenity values through the cumulative effects of many small developments can also be significant. This gradual change is much harder for local authorities to control, because measuring the contribution that a particular development will make to landscape change is very difficult.”<sup>4</sup>*
- *“Although under the RMA, local authorities must consider the cumulative effects of proposals, this has proven to be difficult. Managing such effects can be hard when the effects of individual projects or activities may on their own be minor.”<sup>5</sup>*

Most tellingly, these individually minor but cumulatively damaging effects currently exist because Council has already described enforcement as challenging. **However, the argument does not follow that enforcement is not required, or possible.** Enforcing unregulated activities is a statutory duty and given the developing sophistication of the technology sector, not as difficult as the council contends.

For a modest cost, the Canterbury Branch of Hospitality NZ commissioned a consultant to produce data analysis of AirBnB listings in the Christchurch and Banks Peninsula area. The validated data provides an evidence-based snapshot of which suburban and rural areas are heavily weighted to home share accommodation and therefore, where the potential cumulative effects will be most impactful.

---

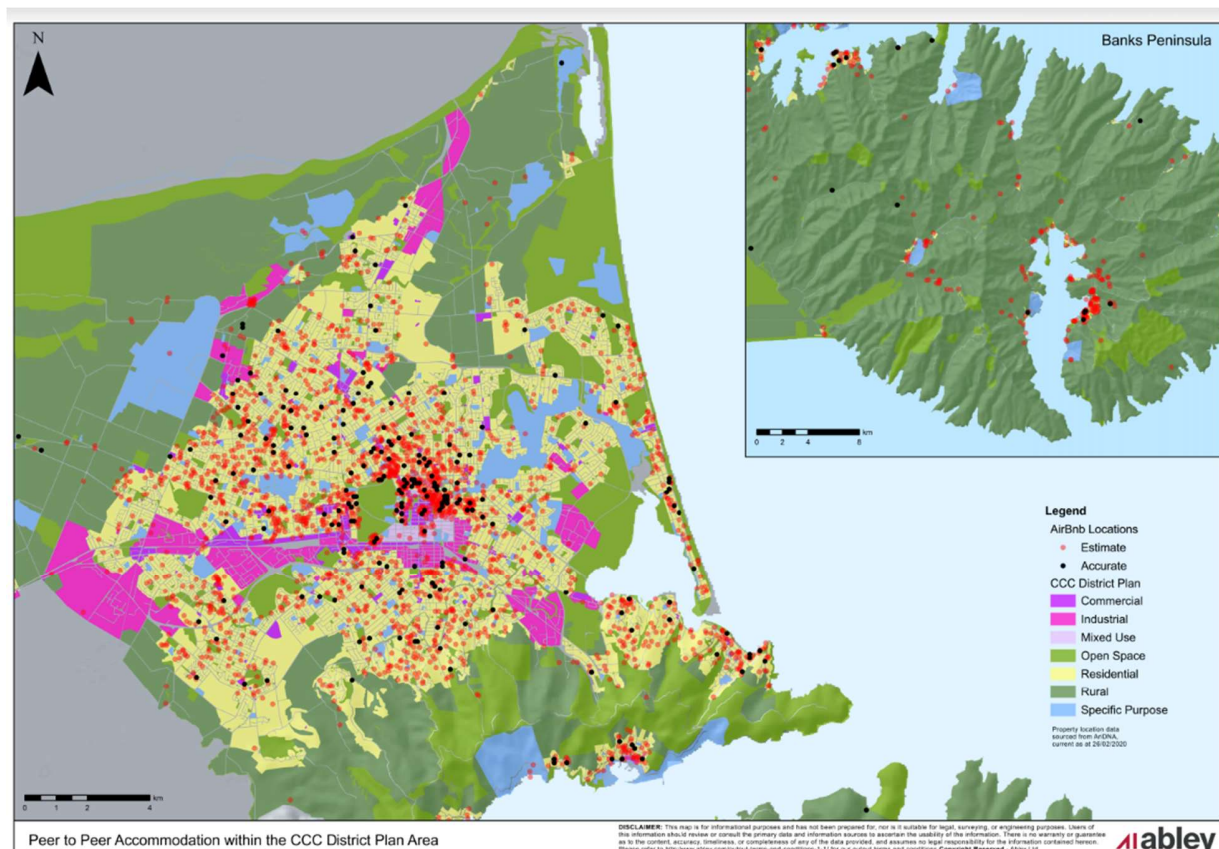
<sup>3</sup> [‘Management of the Environmental Effects associated with the Tourism sector’](#)

<sup>4</sup> [‘Management of the Environmental Effects associated with the Tourism sector’](#)

<sup>5</sup> [‘Management of the Environmental Effects associated with the Tourism sector’](#)

Insights include:

- There were a total of 2,858 listings in the 2019 calendar year.
- This generated \$40.4M in revenue for 1,912 operators.
- 2,112 listings are in a residential zone - 74%.
- This generated \$28M in revenue for 1,502 operators meaning on average, operators make \$18.5k per year but the most prolific operator makes \$500k per year.
- All operators have an average of 1.5 listings. 415 operators have more than 1 listing - 20%
- 2,086 residential listings are within 500m of a commercial zone - 73%
- 1,664 residential listings were operated for greater than 28 days - 79%
- Rated at number 1, a company referred to as 'Sue, Karen & Team' has 42 listings
- Rated at number 2, is Bachcare which is an ancillary service.
- Rated at number 3, is also Bachcare which has 58 properties in total.



Subsequently, Hospitality NZ has supplied a sample of confirmed 'operational' physical addresses of short-term rental accommodation operators to Cr Mike Davidson as head of the Urban Development and Transport Committee as recently as June 3<sup>rd</sup> with no response. Previously, we had notified Tracy Weston, Head of Compliance and Regulation, that a

sample of this data could be supplied for her enforcement team to follow up. Ms Weston's response was that because there was no evidence of negative impact on neighbouring properties, she did not have the resources to investigate. Regardless of a lack of evidence of negative impact, if addresses are identified and verified as operational, Council has a statutory obligation to investigate if that operator has an appropriate resource consent. For example, if a café was operating in a residential or rural area without the appropriate consent as happened in December 2019 with 'My Coffee' in Mt Pleasant, Council were very swift in enforcing the current district plan, and Christchurch deputy mayor and Banks Peninsula ward councillor Andrew Turner commented:

*"The district plan rules and zones are there to ensure activities are appropriate to each area, and the consent requirement is to allow any (non-complying) activities to be considered in detail."*<sup>6</sup>

This highlights the inconsistent approach taken by Compliance and Enforcement.

Especially interesting to note is that the majority of these verified addresses appear to be multi-unit buildings developed and sold by the likes of Williams Corporation, and that these dwellings are located within the Four Avenues where the Central City Residential Development Contributions Rebate Scheme applies.

These areas are mostly residential and will not benefit from short term accommodation rentals turning over a high number of transitory people who typically don't spend much on food and beverage offerings or retail. This is the exact opposite of what the Council is trying to achieve in persuading 20,000 people to **live** in the central city by 2028.

*"A plan to get 20,000 people living in central Christchurch is behind and once city councillor says it needs "significant support".*

*Project 8011, a council-run programme aimed at increasing the central city's residential population to 20,000 by 2028, has a "needs support" designation by council staff, which Cr James Gough thought was "being kind"."*

In a recent survey of Christchurch residents conducted by chief social scientist Carl Davidson at Research First, only 29% of 30,000 people prefer the post-quake city compared to pre-quake Christchurch.

---

<sup>6</sup> <https://www.stuff.co.nz/business/small-business/118386282/red-tape-trouble-closes-popular-cafe-with-the-best-views-in-christchurch>

<sup>7</sup> <https://www.stuff.co.nz/the-press/118771809/plan-to-attract-central-city-dwellers-in-christchurch-already-falling-behind>

*“Davidson said a lot of the research looked at why it was so difficult to re-energise the central city and attract residents to live there.*

*Their findings showed some people see the central city as a destination for visitors rather than locals.*

*Matthew Horncastle, one of the city’s most prolific inner-city developers, disagreed with that finding, explaining he loved living in a “vibrant” central city community.”<sup>8</sup>*

This data upholds the view that short-term rental accommodation and the transitory nature of this type of residential development is impacting on the regeneration of the central city. We would warn decision makers to disregard negative social and community implications of short-term visitor accommodation at their peril.

*“Social impacts in the tourism sector are often diffuse and cumulative. Therefore a community, or wider, perspective is needed to assess them. But there does not appear to be application of SIA at the plan level for areas with tourism development, especially where there are a large number of cumulative effects or social issues evident in the process of plan development. The tourism industry is insufficiently involved in resource management at a regional and local level, particularly in the development of regional and district plans for resource management.”<sup>9</sup>*

## **2. Under the guise of ‘affordable housing’**

Where the Council fails to identify home share accommodation developments (in spite of significant and very public advertising), we argue that compliance officers (and any other Council staff) driving east on Blenheim Road adjacent to the Sockburn roundabout must be blind. The image below demonstrates the flagrant and obvious nature of the issue.

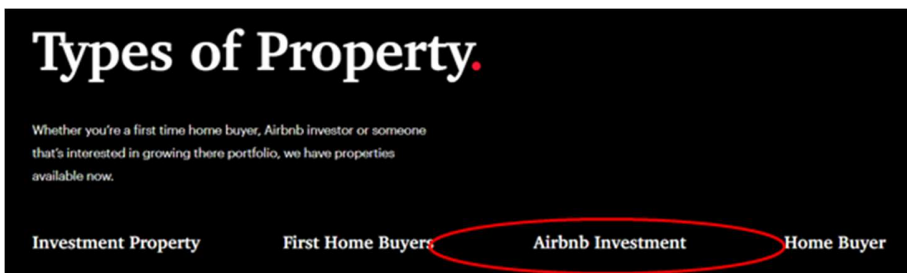
---

<sup>8</sup> <https://www.stuff.co.nz/the-press/news/121726147/survey-finds-just-29-per-cent-of-people-prefer-postquake-christchurch>

<sup>9</sup> [http://www.tba.co.nz/kete/PDF\\_files/ITP404\\_social\\_impact\\_assessment.pdf](http://www.tba.co.nz/kete/PDF_files/ITP404_social_impact_assessment.pdf)



Property developers recognise that Council does not undertake enforcement activities and are actively pursuing short term accommodation opportunities. For example, Williams Corporation boldly advertise their AirBnB investor expertise in self-published information memorandums and investment strategies.<sup>10</sup>



<sup>10</sup> Williams Corporation information memorandum - 21 Hargest Crescent Sydenham, Christchurch and <https://www.williamscorporation.co.nz/airbnb-investing/>





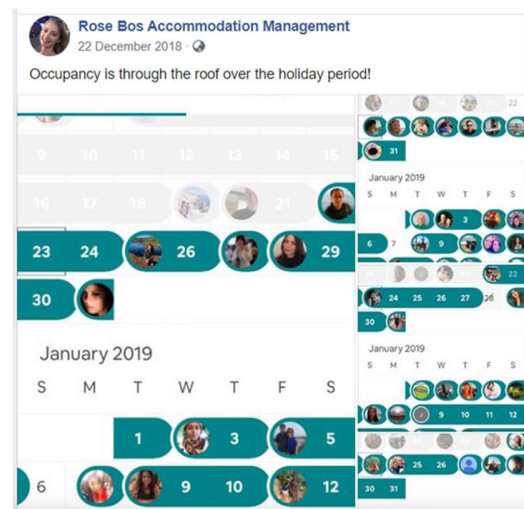
### Why are our developments so suited to Airbnb investors?

Our NZ real estate developments are uniquely suited to use as Airbnb investments. That's because they're all:

- Zoned for use as short term accommodation.
- Centrally located in desirable suburbs.
- Brand new and built to a high standard.

A full page AirBnB appraisal is included in the information memorandum documents for 21 Hargest Crescent comparing short term accommodation income to that of long-term rental income.

The AirBnB appraisal is provided by Rose Bos - who makes her living from specialising in AirBnB Accommodation Management and who states: **"The owner may be required to obtain resource consent but the likelihood of the council enforcing this is low at this stage..."**<sup>11</sup>



Images direct from the Williams Corporation website clearly infer AirBnB investment is legitimate and valuable to the community, but a report commissioned by Tourism Industry Aotearoa and ChristchurchNZ and conducted by University of Canterbury Business School identifies that:

*'A cohort of high-end wealth investors in New Zealand is also using Airbnb as a revenue tool to increase returns to their real estate portfolios. The use of Airbnb over long-term rentals has implications for rental prices, as well as effects on the formal accommodation sector. An example is the William Corporation, who is*

<sup>11</sup> <https://www.facebook.com/pages/category/Property-Management-Company/Rose-Bos-Accommodation-Management-264660227535100/>

*actively advertising their properties in the city centre of Christchurch as being perfect for “Airbnb investment” [pp32-33<sup>12</sup>].*

### 3. General Disruption and Deterioration of the Local Community

As a result of the recent, exponential growth in the home-share accommodation sector, increasing disruption to, and the undermining of community social fabric, has occurred. Recently in other parts of NZ, concern has turned to the impact home-share accommodation is having on local communities, residents’ peaceful enjoyment of their homes and the ability to attract and retain staff where long-term rental properties are nearly non-existent.

There is an important aspect to having a sense of place, community and identity that is inherent in a permanent neighbour living in a residential neighbourhood. The perception of community that underpins our sense of belonging can deteriorate within neighbourhoods with high turnover home share accommodation properties. Exposure to strangers, multiple vehicles parking in crowded environs and the noise associated with strangers enjoying themselves outside their own home environment and normal routines become tiring on a daily basis. It is therefore essential that community and amenity values are controlled and managed properly.

*“The term “amenity values” is defined in the Resource Management Act 1991 (RMA) as “those natural or physical qualities and characteristics of an area that contribute to people’s appreciation of its pleasantness, aesthetic coherence, and cultural and recreational attributes” (s 2 RMA). Contributing factors to suburban amenity values include public and private open space, historic and cultural heritage, neighbourhood character, vegetation (eg bush, trees and gardens), **safety, views, and noise levels**. Significant effects of intensification on suburban amenity values include:*

- *changes to the streetscape and the combination of the natural and built environment;*
- *the loss of vegetation, special character, and public and private open space;*
- *increased traffic, noise levels, on-street car parking and the effects of increased traffic levels on safety.”<sup>13</sup>*

To be clear, loss of amenity through an environmental effect is an important tenet of the existing District Plan.

### 4. Impacts on Traditional Commercial Accommodation Providers

If the share-economy is here to stay, it is essential that all entities acting as businesses face the same regulations and enforcement regimes to ensure accommodation sector

---

<sup>12</sup> [https://www.christchurchnz.com/media/iw4frhyu/airbnb\\_final\\_report\\_2019.pdf](https://www.christchurchnz.com/media/iw4frhyu/airbnb_final_report_2019.pdf)

<sup>13</sup> [https://www.pce.parliament.nz/media/pdfs/sub\\_amenity\\_Chch.pdf](https://www.pce.parliament.nz/media/pdfs/sub_amenity_Chch.pdf)

viability. Based on the fact that many shared-accommodation providers are operating whole house entities full time, local government has a duty of care to regulate the share-economy accommodation sector so it more closely aligns with the safety regulations commercial accommodation providers must adhere to.

Commercial accommodation providers have always had to bear the cost of keeping their guests safe - this includes significant compliance costs around stringent fire and safety regulations, BWoFs, and building code requirements. These compliance costs are targeted to ensure safety. The vast majority of share-accommodation providers do not have fire safety systems in place or building code of compliance around safety regulations (otherwise the council would have already identified them through the resource consent process). Even more concerning is that the vast majority are not even aware of any liability. With the introduction of the Health and Safety at Work Act 2015 and critical liabilities underpinning governance structures, the Council's lack of action to ensure safety is remiss at best and negligent at worst.

COVID-19 has highlighted the importance of business compliance in underpinning the directives issued under the Public Health Orders (PHO) to facilitate contact tracing to prevent transmission of the disease. Short-term rental accommodation operators had no mechanism to capture accurate data, due to the non-hosted nature of these commercial operations. Arguably, they should have been contact tracing the actual guests who occupied the property, as opposed to recording the details of the person who may (or may not) have made the online booking. Again, if short-term accommodation operators are acting like a business, they must be treated in the same compliance manner by securely recording and storing contact details for a minimum of eight weeks as per the PHO.

In an increasingly competitive market place, commercial accommodation operators face ever increasing fixed costs to operate their businesses, yet non-regulated enterprises enter the market with little or no compliance requirements or costs. The commercial accommodation sector in the Christchurch TA contributes \$162 million to national GDP<sup>14</sup> and the quality of our tourism offering will decline if the commercial accommodation sector collapses. The monetary value of combined commercial rates paid by the commercial accommodation sector in the Christchurch TA offsets service provision costs for the Council, without which, the rating disbursement principle would weigh more heavily on residential ratepayers.

The Local Government Funding and Financing Report published by the Productivity Commission on 12 December 2019 states:

---

<sup>14</sup> <http://webrear.mbie.govt.nz/theme/gdp-by-industry/map/barchart/2017/christchurch/accommodation?accessedvia=canterbury&bailiwick=WylxdWVlbnN0b3duLWxha2Vzlix0cnVLLHRydWUsdHJ1ZV0%3D&right-transform=absolute>

*F10.5 Standalone homes rented out through peer-to-peer platforms for a significant proportion of the time are acting as accommodation businesses. It is therefore appropriate that they pay business rates, or a proportion thereof.”<sup>15</sup> Pg 274*

The general public now look at the home share accommodation product alongside commercial accommodation when considering holiday options. Very few people differentiate between commercial and non-commercial operators and arguably, they prioritise their bookings based on location. This is why the Central City Residential Development Contributions Rebate Scheme must be prohibited for developers who design and build specifically to appeal to short-term accommodation rental investors and users.

## 5. Conclusion

Historically, Hospitality NZ has presented these same home share accommodation arguments to the Council on numerous occasions over the past four years and the response has been absolutely underwhelming (to say the least) in relation to the lack of engagement and action taken. It is refreshing to see the Council has acted pre-emptively in its direction to the Policy Team and in their suggested solution.

In the interests of fulfilling the Council’s own vision to see 20,000 people **living** in the central city by 2028, we are happy to see serious consideration of the impact of multi-unit dwellings (and therefore potential short-term accommodation rentals) being undertaken by the Council through the use of a restrictive covenant to ensure eligibility for the Central City Residential Development Contributions Rebate Scheme.

We thank the Council and Policy Officers who have suggested a solution in preventing developers benefiting financially under the guise of providing affordable housing while enabling short-term rental platforms to compete directly with the traditional commercial accommodation sector.

Due to the Council’s continued lack of appetite to take this issue seriously, we would argue that under the COVID-19 landscape, urgency is required. If priority isn’t given to actioning this restrictive covenant solution, this Council will be responsible for the closure of 30% (if not more based on a member survey undertaken in March) of traditional commercial accommodation sector businesses in the coming months.

#supportlocalbusiness

---

<sup>15</sup> <https://www.productivity.govt.nz/inquiries/local-government-funding-and-financing/>