

**Before the Panel of Hearing Commissioners
For the Queenstown Lakes Proposed District Plan**

**In the Matter of
And**

the Resource Management Act 1991

**In the Matter of
And**

the Queenstown Lakes Proposed
District Plan - Stage 2

In the Matter of

Hearing Stream 15 – Visitor
Accommodation Variation

**Statement of Evidence of
Lisa Hayden on behalf of Touch of Spice
and Major Domo (Submitter numbers
2600 and 2592)**

Dated: 6 August 2018

Table of Contents

INTRODUCTION	3
Qualifications and Experience	3
MAJOR DOMO / TOUCH OF SPICE	3
OUR SERVICES	5
THE MARKET	7
RELIEF SOUGHT	7

INTRODUCTION

Qualifications and Experience

1. My name is Lisa Hayden.
2. I am a director and owner of Major Domo Limited and am giving this evidence on behalf of myself, Fiona Stevens (owner and director of Major Domo Limited), and Jacqui Spice (owner and director of Touch of Spice Limited), collectively referred to as 'we'.
3. I have five years' experience in the high-end accommodation industry.
4. Jacqui has 13 years running a high-end accommodation business, and Fiona has 11 years' experience. Both Jacqui and Fiona have over 20 years each in the luxury tourist sector. Jacqui has previously been on the board of Tourism NZ.

MAJOR DOMO / TOUCH OF SPICE

5. We provide short term, luxury holiday accommodation and experiences for high net worth (**HNW**), and ultra-high net worth (**UHNW**) families, groups and corporates.
6. More specifically we provide the following:
 - (a) marketing and reservation services on behalf of property owners;
 - (b) concierge service whereby we provide around the clock service and support to our guests while in-house, including booking experiences and creating memorable itineraries; and
 - (c) property management services to maintain the accommodation at a premium level.
7. Major Domo currently manage 33 properties and Touch of Spice 45, with nightly rent ranging from \$800 per night - \$40,000 per night.
8. The properties we market and manage on behalf of owners are holiday homes. Our owners wish to have the properties available to use for their own holidays. Therefore, these properties are not available for long term rentals. If our owners were to make their house available for a long term

rental, they would not be of the type to contribute to the *affordable* rental pool.

9. We require the properties to be maintained at a premium standard. Therefore, our owners invest constantly in the upkeep of their property to keep it presentable for the high-end market and their own use.
10. All properties we represent are registered holiday homes with QLDC and have the necessary code of compliance. Therefore, they are complying with the current controls imposed on holiday homes and paying 25% - 80% more in rates than a standard residential property.
11. We assist our property owners in obtaining this registration. Some key requirements of registration are:
 - (a) two carparks must be available at all times;
 - (b) appropriate signage throughout the property to help manage noise levels;
 - (c) minimum three-night stays; and
 - (d) limited to two adults per room
12. In addition, we make sure all properties are compliant with the local laws as well as health and safety requirements.
13. Our guests are typically multi-generational families or groups.
14. Over 75% of stays are four plus people and stay on average 4.2 days.
15. They are usually HNW and UHNW (as defined by Tourism NZ), that spend in excess of \$20k on a holiday. The average accommodation cost (let alone spend on experiences) our guests pay per stay is \$5,950.
16. Because our guests are usually families or groups, they are seeking a property they can use exclusively ('home away from home') rather than hotel-type accommodation.
17. The benefits for our guests of renting a home include, among others: privacy (some of our high-end guests demand complete privacy), common areas to relax together as a family and the ability to self-cater.

18. With any marketing investment we do, we are targeting guests aged 35 and over, given they are more likely to have higher discretionary spend.
19. Our guests will generally hire one vehicle for the family and are not dropped off by large buses (unlike peer to peer rentals such as Airbnb).

OUR SERVICES

20. The breadth of our services and nature of the properties we manage differentiates us from peer to peer models. In fact, our proposition is totally different to peer to peer, offering a high touch service. The QLDC's proposed changes seem to have inadvertently captured the luxury, professionally managed visitor accommodation and experiences sector.
21. We ensure the properties we manage are fully compliant with the holiday home requirements, and therefore include:
 - (a) full House Rules, Compendiums, signage as outlined in the property's resource consent e.g. "Please do not use the pool/spa pool after 9pm.";
 - (b) we have a No Party Policy for all properties. Neighbours know that we manage properties and contact us on the rare occasion when there may be issues with noise; and
 - (c) all properties have the necessary parking.
22. Additional services/business model that further differentiate us from peer to peer are:
 - (a) we are a high touch solution and in contact with our guests before, during and after the guest stay;
 - (b) our properties and guest stays are fully compliant with Health and Safety regulations;
 - (c) concierge desk 24/7 so that someone is available to address any concerns that guests, or neighbours have; and
 - (d) we actively promote and market our business and in so doing are promoting our region and generating benefit for the local economy.

23. Unlike peer to peer providers, we are local companies providing an important service to the luxury market and contributing positively to the local economy:
- (a) We employ 30 full time equivalents throughout the year (i.e. not seasonal), and pay well above the minimum wage. For the year ending 2018 we were directly responsible for \$1.7m of wages to locals, this excludes any shareholder salaries/drawings.
 - (b) Given these properties are maintained to a high standard and include quality fittings/amenities, we extensively use local trades and service providers to maintain the properties. This includes cleaners, spa servicing, AV technicians, landscaping/moving, window cleaners and decorator designer shops.
 - (c) Also, we require operational support for our business, using the services of local IT providers, professional firms etc.
 - (d) As a result of our business, key suppliers have confidence in the surety of regular work and can employ people throughout the year (for example, Touch of Spice contributes 80% of the revenue for the cleaning business they use. Southern Spas and Pools also note that both businesses contribute significantly to their revenue).
 - (e) We also contribute indirectly to other local wages.
 - (f) We are concierge companies that provide much more than accommodation. We provide experiences and itineraries, generating business for other local companies. It is in our best interests to up-sell activities and other experiences, including private chefs, hosts, activities, babysitters, restaurants, winery tours, pre-stay pantry stocking etc.
 - (g) Owners often come outside peak times and therefore extend the likes of the ski season and festive season by coming in before/after guest stays. This helps to smooth out the seasonality for local businesses.
 - (h) For every \$1 of rent, our guests generate a minimum of 40c extra in local economic benefit. Note, this only captures spend that is

processed by us. Therefore, any restaurant spend, activities/experiences our guests book directly are excluded from this calculation.

THE MARKET

24. We are luxury providers and as outlined above, our guests are HNW and UHNW. We are therefore bringing very valuable tourists to the area, rather than large volumes of tourists – this has lesser impact on the infrastructure, traffic movement and environment. Equally, our guests are using existing infrastructure within existing homes, rather than the likes of freedom campers needing new or stressing public infrastructure.
25. We actively promote the luxury villa product and experiences to overseas agents and high-end consortia such as Virtuoso, Mr & Mrs Smith, Luxury Retreats and One Fine Stay. We invest heavily in marketing globally via private appointments and attending international luxury Trade Shows. By promoting our accommodation and associated experiences, there are wider positive flow-on effects for Queenstown Lakes District.
26. There is a world-wide trend and desire for families, film, sporting and music stars and corporate groups to holiday in private, luxury homes. The reasons for this include peace and privacy and other reasons we noted above in paragraph 16.
27. We work actively with Tourism NZ to help grow the premium sector: attend Tourism NZ accredited trade shows, host media and agents families, all helping to grow the luxury tourist market for this region (i.e value not volume).

RELIEF SOUGHT

28. We seek a controlled activity status to apply to Residential Visitor Accommodation (**RVA**) beyond 120 nights per year, with appropriate permitted and controlled standards to ensure that residential amenity and character is maintained.
29. It has been difficult to obtain firm, evidence-based reasoning behind the proposed changes, both from documentation publicly available and conversations with the Council. To date we have invested over \$40,000 (a

significant sum for our small businesses) to understand and make submissions on the proposals. We are still unsure of the key problems the changes are trying to address. And equally feel that the proposals have inadvertently captured our high end, high touch luxury businesses in these proposals which appear to be targeting the non-compliant portion of the peer to peer market.

30. From what we can decipher, the two key issues the proposals are trying to address are:
 - (a) lack of *affordable* full time rental accommodation for workers; and
 - (b) impact on the community, namely parking and noise. Of note are the buses dropping guests at Airbnb in Lake Hayes and Shotover Country.

31. Stopping what we are doing as businesses will not solve the above issues because:
 - (a) Firstly, our owners will not choose to put their homes in the long-term rental pool. They are holiday homes and our owners will continue to use the homes for this purpose and close them up for the rest of the year. Likewise, they will not choose to rent for 45 days per year as it is uneconomic for both the owners and us as a business (refer below). In the unlikely event the homes were instead put into the long term rental pool, the calibre of these homes is such they will not contribute towards the *affordable* long term rental pool.
 - (b) Secondly, given our properties must comply with short term rental regulations, they have adequate parking. We have 'no party' policies and strictly enforce this. Therefore, our businesses do not contribute to the negative community amenity issues. In fact, given we are local businesses, we live local, support local businesses and employ local people in full time jobs, providing a significant economic benefit for the community and its people.

32. We are conscious of the importance of sustainability and quality of offering, including the importance of economic, community and environmental

sustainability. Touch of Spice is Qualmark accredited and Major Domo are in the process of accreditation.

33. As noted, 45 nights per annum is uneconomic for our owners. Each stay has fixed costs associated with it, including cleaning, linen, pre and post inspection fees and meet and greet fees. Added to this is the higher council rates owners pay, higher insurance premiums for rental properties and the higher cost to maintain the property at premium level. Renting out accommodation for short term stays also results in wear and tear. Restricting the nights to 45 would therefore result in an unacceptable loss of economic benefit for the owners of this type of VA and they would not choose to put their houses on the short-term rental market. This will result in a significant reduction in this valuable sector of our tourism accommodation inventory and will compound the accommodation shortfall issues already facing the district. Ultimately, these high-value guests will go elsewhere – to other regions of New Zealand or other countries where their accommodation preferences can be met.
34. For us as a business, we invest heavily in on-boarding properties, NZ and offshore marketing and staff (given we are high touch) and therefore typically need to generate 120 + nights per year per property to earn a sustainable return. If the number of days are not extended to 120 nights or are reduced, we will not be able to replace inventory and will not be able to grow, thereby eroding our profitability. This places a serious risk to the future viability of our businesses.
35. We also do not consider that an area specific approach will be effective given the wide range of locations the properties that we manage are in.
36. Number of nights aside, we are fully supportive of the current controls in place to manage the registered holiday home market and, as noted, the properties we manage currently comply. However, we do recommend that the Council police the adherence to controls better to help address some of the issues identified. If those controls were enforced (and those rules we propose) I consider that the outcomes sought by the Council could be achieved, in particular releasing appropriate housing for long term rentals.

37. Equally we support the fact that owners pay higher rates towards the local infrastructure and contribute towards the council compliance monitoring costs.
38. We have outlined in this statement an overview of our businesses that should highlight the fundamental differences between high end, high touch, luxury stay businesses and the peer to peer model. In summary:
- (a) concierge available 24/7, high touch service, contacting before, during and after the stay;
 - (b) representative on the ground to meet the guest and walk them through the property;
 - (c) we ensure all properties are registered and comply with current holiday accommodation regulations, including parking, noise control, health and safety and signage; and
 - (d) market our business and thereby Queenstown Lakes District overseas to help drive up the tourist spend - value not volume.
39. In addition, we are local businesses, employing locally and paying NZ taxes. We are active within our local communities and respectful of the need to be exercise sustainable practices, as noted with Qualmark.
40. We use local businesses who are registered companies and contractors, with proper payroll processes, health and safety systems and are paying taxes, rather than 'cash jobs'.
41. Owners pay higher rates (between 25 – 80% more) and GST (if above the threshold).
42. Thank you for your time in considering this evidence, we look forward to presenting at the Hearing in due course.



Lisa Hayden

6 August 2018