

Mayoral Housing Affordability Taskforce



Queenstown Lakes District
October 2017

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“Improving housing affordability is essential for our District to prosper”

The lack of quality affordable housing is potentially the greatest challenge our District faces. If our communities are to thrive, prosper and grow in the future we need to be able to attract and appropriately house the key workers, families and even retirees who are the core of our communities. To tackle this significant challenge we've brought together an independent group to advise on how we can deliver and retain affordability in perpetuity, grow our affordable housing stock, work with our community housing trust, and build long-term community support for our actions.

We are lucky enough to live in one of the most amazing and desirable regions of New Zealand and the world, but this desirability brings with it challenges. The pressure our workers, their families and even employers are under to find quality, affordable accommodation is driven by the beauty and success of our great region. If we are going to meet the needs of current and future generations we need to find ways of delivering and retaining affordability in perpetuity whilst building a community asset.

It's time we as a District worked together to create a permanent pathway to deliver the quantum and quality of affordable housing to meet the District's needs now and in the future. To get on this path, we have developed a range of initiatives set out in this report.

There is a lot of further work ahead of us, and we ask that you support our efforts and engage with the issues, so we as a community can build and develop solutions to address this 'critical problem.' Previous Councils and community leaders have taken steps; however they have simply not been at the scale necessary to see sufficient progress or committed to the long-term goal. Yet we have a solid foundation on which to build; many of the programmes and tools are already in place and ready to go.

Current projections show that 14,570 additional homes are needed across the District over the next 30 years, and housing affordability will continue to be a challenge given the international profile of our visitor-driven economy. There will be global threats and cycles; however, our history shows that long-term growth and escalating property values are on the cards.

The actions set out in the report are designed to prepare us for that future.

We commend the Taskforce for their innovative and ambitious approaches and are very proud to present them to the District for debate and action.



Mayor Jim Boulton



Clr John MacDonald
Chair, Housing
Affordability Taskforce

Queenstown Lakes District Council

Introduction

Our District is in the midst of a period of exceptional growth. Housing affordability and availability is at historic lows – with severe consequences for our committed long-term workforce and their families, retirees and seasonal workers.

In response to this, Mayor Jim Boulton created a housing Taskforce in April 2017 with the brief to investigate new ways of addressing housing availability and affordability in the District – particularly the Wakatipu – with an emphasis on the needs of families and long-term residents. The Taskforce is made up of representatives from a broad spectrum of interested and knowledgeable groups as listed in Appendix 1. It focused on solutions that would deliver substantial amounts of affordable housing – both long-term rental and forms of ownership that provide security of tenure.

It has long been recognised that there has been a housing affordability issue in the Queenstown Lakes District. Despite all that has been done in the past to try and address this by previous Councils and other parties, including developers, housing affordability has now reached crisis point. Housing costs in the District have risen at the highest rates across the country. The District is now one of the most unaffordable places to live with the market failing to deliver housing for our workforce in a manner that maintains the affordability of properties in the long-term. Given the clear evidence that the market is not able to deliver long-term affordable housing into the District, the Taskforce came to the view that something more innovative is needed. This report outlines a number of initiatives that the Taskforce believe should be pursued and, in some cases, further investigated.

Carrying on doing the same things to address the District's housing affordability is only ever likely to result in the same outcomes that we are all seeing now.

Something needs to change.



Mandate

Drawing on a wide range of skills and experience for its members [listed in Appendix 1], the Taskforce was launched in April 2017 with the goal of creating a step change towards delivering affordable housing at the scale required for our District. Knowing that any recommendations would need to be practical and be able to be delivered by the Council or other parties, the Taskforce recognised that recommendations would need to have strong buy-in from business, developers, iwi and the wider community. The recommendations need to identify the actions that Council and each party needs to implement to reach the goal.



With this mandate, the Taskforce met nine times:

- 10**
April Received the brief from the Mayor, developed a shared understanding of the housing situation of the District, and prepared a menu of options for developing solutions.
- 8**
May Agreed the areas of focus.
- 29**
May Explored what a secondary affordable market could achieve; established a sub-group to further the thinking.
- 12**
June Held a workshop on Land Trusts and tools for retention of affordability.
- 10**
July Received a report from the subgroup on secondary affordable market tools and potential applicability.
- 7**
Aug Received a presentation on the Shared Home Equity Product, and reviewed the interim report to Council.
- 4**
Sept Held a workshop recapping the range of issues explored by the Taskforce
- 18**
Sept Reviewed the draft report
- 2**
Oct Confirmed the recommendations

This report reflects the consensus views of the full Taskforce which has explored a range of options because there is no one single solution that will address all aspects, recognising that the housing market is diverse and people are looking for a variety of mechanisms that can meet their particular circumstances.

The actions and recommendations contained in this report are designed to identify what we need to do, who will do it, and by when.

The Taskforce recognises that it can't—nor should it try—to affect existing market values. Instead, its recommendations are focused on interventions that deliver affordable housing alongside the open market.

Context

The lack of available land for developments that deliver houses into the market over the short to medium term is seen nationally as a significant reason behind the current affordability problems.

Queenstown Lakes District is no different on that issue except that it is further exacerbated by the growth that is being experienced, with the District being one of the fastest growing areas in the country. Further, our market is also tasked with supplying a significant amount of visitor accommodation, and is a magnet for attracting expats returning home who bring with them a scale of resources that drives prices beyond what the local workforce can afford.

The Council's current growth predictions mean that the District is going to continue to be under pressure to provide land for all of these future housing demands. The Council's current predictions for the next 30 years based on updated growth projections and updated assessment of available zoned capacity within the District indicates:

That creates particular difficulties for those wanting to live, work and play in the District when there are essentially only two broad market options available to people wanting to reside here on a long-term basis:

- Short-term rentals where there is uncertainty about length of tenure and increasing rent costs over time as determined by the market
- Buying a property which for many of the District's residents is now well beyond their means.

This creates uncertainty for all, with a recent survey of 1147 renters confirming that "Housing affordability is a barrier to long-term commitment to the District"¹.

Figure 1

2048 Dwelling needs	Wakatipu	Wanaka	Total
Current Dwellings (2018)	12,128	7,590	19,718
Additional homes needed by 2048 (includes 15% buffer)	10,270	4,300	14,570
% increase	85%	57%	74%
Zoned Feasible Capacity	20,500	9,000	29,500
Zoned Realisable Capacity	15,100	5,200	20,300

Over the next 30 years, there will therefore need to be almost as many housing units built as there are presently available. The unprecedented levels of growth in the District indicate that we need to see 40 houses delivered each month for the next 30 years across the District in order to deliver the estimated 14,570 additional residential units that will be needed. The challenge is to clarify and take action to ensure a portion of these additional units are delivered and retained within an affordable range for our local workforce.

Critical housing issues

Housing affordability has been an issue in the District, documented back to 1972, yet has become significantly worse in recent years. This District is less affordable than Auckland – median house price is now 11.72 times median annual household income whereas Auckland is 9.21 (see Figure 2).

Demand is Growing

1. There are currently 480 households on the Queenstown Lakes Community Housing Trust waitlist seeking affordable homes (either rental or assisted ownership) – for every one household assisted, two come on the list
2. Employers find it difficult to recruit key workers including highly skilled professionals, nurses, teachers, public sector, as well as service industry workers in hospitality and tourism—e.g. hotel and ski workers—who may be earning near the minimum wage. The median household income in the District is \$72,497, which is 21% lower than the national median household income of \$87,508 per year
3. Precious landscapes generate a \$2.6 billion annual tourism spend, yet a lack of workforce housing is a threat to the sustainability of the tourism industry
4. Residents want year-round homes that are easy to heat in winter, inexpensive to maintain, and affordable to operate – in contrast with the existing rental housing stock which is poorly insulated, expensive to live in and keep warm, and lacks security of tenure when owners want to come back for the holiday periods
5. Home prices have been doubling roughly every 10 years.

Supply is pressured

1. People will pay a premium to own property in a high amenity area with a buoyant economy and easy access to world class recreational opportunities and an international airport
2. As a resort community, our main centres – Queenstown in particular – are seeing a high conversion rate of longer term rentals into short-term visitor accommodation such as Airbnb
3. Recognition that the market has not delivered affordability on its own – no evidence in the District that adding more land supply will increase competition and bring down prices. Over the last two years consent numbers and new dwelling numbers were twice the 10 year average but prices are still skyrocketing
4. Increasing land values should encourage people to develop (yet land banking continues)
5. Queenstown in particular is geographically constrained
6. Wanaka has land yet seeks incentives for it to be developed affordably
7. 28% of the housing stock was vacant in 2013, presumed to be holiday homes
8. Facilitating and funding the local government component of infrastructure and planning for large land releases with a small ratepayer base of 24,328 properties creates significant challenges.

Many cities across New Zealand and the world have grappled with this problem and a variety of solutions have been used to try to address the supply/demand imbalance that results in many communities facing unaffordable properties and rental costs. Many of those attempted solutions have failed to address the long-term affordability issues overall but have made a difference to aspects of their local situations. The District has implemented a variety of approaches but, for whatever reason, affordability has continued to get worse over time. The Taskforce has drawn on those initiatives and looked around the world at what others are doing to come up with some effective recommendations to address the District's housing affordability issues.

Measuring Affordability

The Queenstown Lakes Community Housing Trust (QLCHT) and The Queenstown Lakes District Council (the Council) have adopted the internationally recognised benchmark where housing is deemed affordable if the household spends less than 35% of their gross income on rent or mortgage repayments. This household income-based approach was adopted by Council in the 2005 Housing Our People in Our Environment (HOPE) Strategyⁱⁱ, and has been used by QLCHT since its inception.

The taskforce endorses the ongoing use of this benchmark, and its application to any home that is counted as 'affordable'. When we apply this benchmark, the term "Community Affordable" is used.

In the District, the median household income for the year ending June 2017 is \$72,497 per year, with a median house price of \$850,000. Currently the District is the least affordable market in all of New Zealand, with a median house price 11.72 times the median household income.

The "median multiple" is a common measure of affordability, where the median house price is divided by the gross annual median

household income. An affordable housing market in our District would see homes accessible at 4.0 – 6.0 times annual median household incomes. Indicatively, that would require affordable homeownership to be available for under \$430,000. Similarly, an affordable weekly rental rate for a household on the median income would see rents of \$400 – \$600 per week for a household.

Community Affordable means a home where the household is able to spend less than 35% of gross household income on rent or mortgage repayments

Affordability measures are usually adjusted by size of household to accommodate a range of variables. For example, a couple with three children earning the median household income will have vastly different housing needs than a single person earning the same amount. The affordability policies set out in the HOPE Strategy and applied by QLCHTⁱⁱⁱ reflect these variables.

Figure 2

Updated 15 August 2017	House Price-to-income multiple	Median		Median multiple		
	Population	House price	Household Income	Aug 17	Aug 16	Aug 15
NZ total	4,760,000	530,000	87,508	6.06	5.74	5.59
Queenstown-Lakes	28,700	850,000	72,497	11.72	11.32	7.84
Auckland metro	1,486,000	840,000	91,240	9.21	9.54	8.65
Tauranga	115,700	635,000	81,541	7.79	7.55	6.25
Wellington metro	487,700	500,000	95,272	5.25	4.95	4.43
Christchurch	367,700	440,000	87,304	5.04	5.12	5.16
Dunedin	126,000	345,500	74,553	4.63	4.46	4.17
Rotorua	68,900	350,000	83,243	4.20	3.94	3.13
Invercargill	53,000	260,000	77,698	3.35	2.70	2.59

Source: <http://www.interest.co.nz/property/house-price-income-multiples>

Vision

Vision

Helping committed residents of the Queenstown Lakes District into decent affordable housing with secure tenure.

The Taskforce agreed that unless we dramatically change the scale of the approaches used, it will be difficult to realise the vision and achieve the goals; we will miss the mark if we have simply doubled the last 10 years affordable delivery in the next 10 years.

A key part of this vision is ensuring we retain affordability long-term, and demonstrate in practice that we have been bold enough to genuinely resolve this issue for the intergenerational betterment of the District.

Goals

To realise the Vision, the Taskforce took a two-pronged approach to setting a bold long-term goal, with a clear interim deliverable:

Goal

All of our workforce will be able to own or occupy a home in our District at a cost that allows them to live within their means by 2048, with an initial target of 1000 Community Affordable homes with secure tenure by 2028.

The overall goal is meant to work across the entire housing affordability continuum (see Figure 3). To clarify, the Taskforce's goal is that there will be an adequate supply of housing options, across all communities in the district, including those that are affordable to the workforce by spending no more than 35% of their gross income on rent or mortgage repayments. We recognise that households will make their own choices – whether to commute longer distances, or to pay more for certain types of housing.

The delivery target of 1000 affordable homes with secure tenure is envisioned to be across three specific programmes in the assisted rental and assisted ownership. The Taskforce strongly supported a significant



delivery goal while further work is done to quantify how much additional affordable supply is required to achieve the 2048 goal.

This approach recognises there is further work required (as set out in the recommendations) that must be completed in order to fully plan and implement the delivery partnerships required to achieve affordable housing with secure tenure for our workforce and committed residents.

Accessing new funding tools and affordable product offerings will be essential to achieve these goals. It will take innovation from the efforts of the building and development sectors; Council will need to ensure the regulatory system and infrastructure provision are up to the task and that enough land is zoned; QLCHT will need to develop new affordability product offerings and attract investment suited to delivering affordable homes. Instead of any single party bearing sole responsibility, the approach will require all partners to work with each other.

Delivering 1000 affordable homes in next 10 years is roughly 20% of the total 5,000 homes required in that period. The sooner we can deliver on the goal, the better off our District's workforce, residents, and businesses will be.

Our recommendations aim to build widespread community support, to ensure delivery of affordable homes continues through political and business cycles.

1 Build a range of Community Affordable market offerings

The Taskforce received a presentation on community land trusts, a well-grounded set of international best practices that hold title to land on behalf of the community in perpetuity, then ensuring it is developed for community purposes, including affordable housing. Examples of community land trusts can be seen in other resort towns like Whistler, British Columbia and Aspen/Vail, Colorado where affordability pressures have been stronger for longer than our District.

The Taskforce reached the consensus view that the Queenstown Lakes District has almost all of the same characteristics of these other high-profile, international resort communities. In terms of housing affordability, the comparators include their attraction to a larger number of property consumers with access to financial resources not generated in the local market; a desire for significant amenity in the properties they acquire, and a willingness to leave them empty when not in use.

The market drivers for a household working in the local economy of the District are very different from these external consumers, including affordability linked to their earnings, a lack of outside capital available for their personal use, and a desire for a home that is a quality place to live, to raise a family, that is durable with security of tenure, and able to be affordably heated throughout the year. It is for this group that the use value of the home is at least as important (if not more so) than its ability to appreciate in market value. It is for this group – the target of the Taskforce – that two new offerings are being recommended for development as a complement to the current Affordable Rental, Rent Saver, and Shared Ownership programmes operating in the District.

The Housing Affordability Continuum^{iv} (Figure 3) sets out an approach to considering a range of options that enable households to satisfy their housing needs.

Along the Housing Affordability Continuum, the taskforce endorsed development of two new offerings:

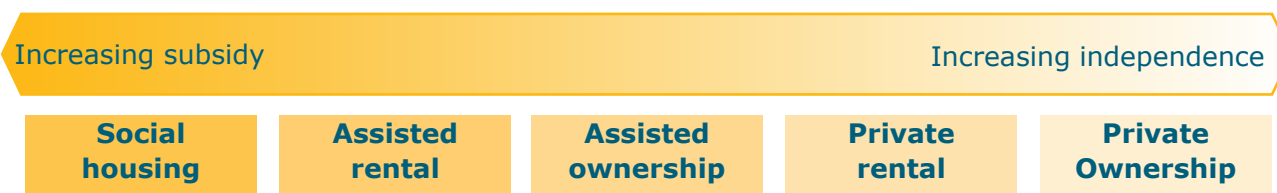
1. An affordable ownership programme, provisionally named “Secure Home” by QLCHT delivering secure tenure through using leasehold land, with the community benefit of long-term retention of affordability
2. A Shared Home Equity Product (SHEP) that utilises private investment, primarily for households sitting outside of the current Trust eligibility, and without long-term retention of affordability.

The Taskforce reached the view that such offerings should be delivered by a trust, with the express purpose of ensuring the long-term retention of all community investment, whether that be from resources contributed by the Council, as value uplift from the District Plan/inclusionary zoning, or from other public investment. This approach will ensure those resources are available to deliver perpetual affordability, meaning that we build up a stock of housing over time to meet needs across the housing affordability continuum (in particular for assisted rental and assisted ownership, and possibly for social housing by accessing the Income Related Rent Subsidy with up-front capital payments when available from Ministry of Social Development).

Depending on the outcomes of this work, there may be an opportunity to offer a wider range of affordable offerings to households whose incomes exceed the current Trust eligibility. This will expand the offerings to additional key workers, families and long-term residents at the private rental and private ownership ends of the continuum. The Shared Home Equity Product fits in this area.

Figure 5 sets out the current and new offerings for comparison.

Figure 3: The Affordable Housing Continuum



New Offering 1: Secure Home

Key features of this offering are-

1. The ownership of the land and of the housing unit is separated out:
 - a. A Trust would retain ownership of the land in perpetuity and lease the land at a fixed concessional rental rate to the household
 - b. The housing unit would be purchased by the household, at an affordable price based on its agreed value or build-cost.
2. The future price of the housing unit is controlled:
 - a. Households would only be able to sell the property back to someone in the Trust's pre-approved registered pool of buyers
 - b. The price of the housing unit would be limited to an annual increase in line with CPI or an agreed fixed rate.

This offering would trade in a 'secondary market', one that operates in parallel to but not tied to the open property market. With the unit remaining affordable to not only the initial household, but also affordable over time, this approach is viewed as one of the key delivery innovations that would be able to respond to the seriousness of the current and ongoing affordability challenge. The Secure Home Programme achieves that goal. Offering the security of tenure of the current shared ownership programme, but at lower cost of entry, in exchange for a limited rate of return requires testing with potential households, a step that the Taskforce suggests should proceed as soon as possible.

The Taskforce received information that indicated lending on Secure Home using leasehold would be able to secure bank finance based on the rental return on the land. The eligible household would be able to pay for the improvements - e.g. the home itself. The household would be able to borrow between 75% and 80% of the value of the improvements at say \$350,000, and this is a fairly standard bank offering. The taskforce received enough assurances that lending on both the freehold title and the leasehold title were commercially viable from NZ banks, to recommend that the Trust continue to develop Secure Home along these lines as one of the new offerings. Further specific advice would be sought by the Trust as it progresses such work.

This Secure Home offering would deliver the following:

- Provides a housing cost at substantially less than the current open market price
- Builds up and retains an affordable housing stock over time as stock is not sold and lost into the open market
- Security of tenure conferring and instilling permanency that rentals do not achieve, giving an ownership interest and incentive to remain, encouraging long-term certainty and commitment to the District, yet at a lower cost than the current Shared Ownership programme.

However, it is recognised that this is a new way of looking at property ownership and there may be resistance to, and a lack of understanding of, what is proposed that may put some off. By design, it also means that ownership under Secure Home may not provide the same ability to enter into

the open market if home prices continue to escalate away from the controlled market price and wages continue to increase at lower rate than rents and home prices. It does however provide an exciting and sustainable alternative to the only other present options available to long-term residents in Queenstown; short-term uncertain rentals or purchasing on the open market.

“ the biggest change we can make is to recognise the importance of developing solutions for the long-term. The focus is building a community asset that delivers quality, affordable housing in perpetuity to achieve a stable, well-balanced community. ”

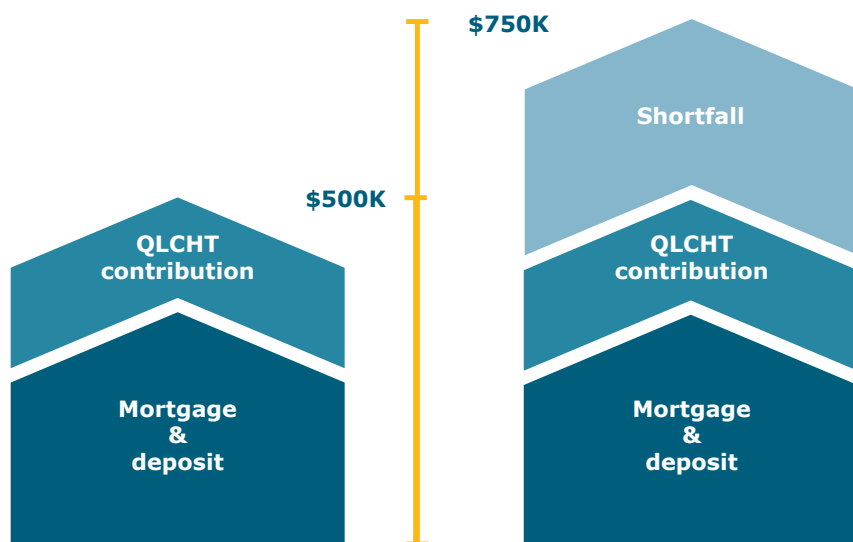
It is expected that development of the additional offerings would build upon proven models, shaped with long-term retention

of affordability as a key outcome. The Taskforce reached the view that the biggest change we can make is to recognise the importance of developing solutions for the long-term. The focus is building a community asset that delivers quality, affordable housing in perpetuity to achieve a stable, well-balanced community.

It is for this reason that the Taskforce is also of the view that any contribution from developers, obtained by the Council through the SHA, Inclusionary Zoning or other mechanism described elsewhere in this report, should only be used for either this Secure Home Programme or long-term rentals. This ensures that the contribution is retained in perpetuity, reflecting the long-term community investment that is being made.

Figure 4 explains why the Secure Home Programme is needed.

Figure 4: Why we need a new offering



Two years ago a new three bedroom house was worth around \$500k, and a typical household could afford \$350k through mortgage and deposit, whilst QLCHT would put up to \$150k into it.

Now the same property is worth at least \$750k and QLCHT would need to fund \$400k for the same household. Even if it wanted to, QLCHT would not be able to contribute this much in as the current programme rules allow for a maximum QLCHT share of 40%. In addition to this issue, if a typical household can afford a combined mortgage/deposit of \$600k on their own, they are unlikely to meet QLCHT’s eligibility criteria with respect to income cap and deposit.

New Offering 2: Shared Home Equity Product

Attracting new private capital seeking a secure, long-term modest return is recognised by the Taskforce as another innovation that can assist committed residents in their quest to own a home. There are trade offs between perpetual affordability and delivering financial returns, and further exploration of this funding tool will most likely offer access to ownership that assists in retaining key workers in the District, yet not assist in the goal of perpetual affordability of our housing stock. Providing choices is key, which is why the Taskforce received a presentation by a third party with a proposal for a "Shared Home Equity Product" (SHEP).

In summary:

- Provides 90% funding for households, who have a 10% deposit for 10 years
- Licence to Occupy for first 10 years, with option to convert to freehold ownership
- The Council to act as a guarantor to the Licence to Occupy payments, to reduce the risk to the investor and thereby lower the occupation cost for the household, with the QLCHT administering the product
- Monthly payments for the Licence to Occupy set at a fixed rate of initial home value for 10 years, providing security and affordability
- Household acquires right to convert from Licence to Occupy to freehold ownership over the duration of the 10 year contract, earning a 75% share in the change in market value
- No obligation to purchase; can walk away and receive refund of deposit.

No decision has been made on the proposal which is being considered by QLCHT and the Council. The reason the Taskforce is recommending the Council and Trust look at this is because:

- It is expected that the licence fees fixed for 10 years will be lower than market interest rates, a significant benefit to households
- To achieve a lower licence fee requires the certainty provided by a guarantee the monthly payments are made on-time. Use of a Council guarantee in this manner is consistent with the guarantee provided previously to Central Lakes Trust for the QLCHT Starter Loans programme through their affiliate Queenstown Housing Bonds Ltd
- The offering would require an expansion of eligibility settings outside of current Trust policies.

The Taskforce encourages that Council and QLCHT undertake the work necessary to understand the risks and rewards of the SHEP offering, and make a decision whether they proceed with it.

Figure 5:

The District’s Affordable Housing Offerings across the Housing Continuum

All of our workforce will be able to own or occupy a home in our District at a cost that allows them to live within their means by 2048.

Social housing	Assisted ownership			Private rental	Private Ownership
	1,000 Community Affordable homes with secure tenure by 2028.				
	Affordable Rental	Rent Saver	Secure Home <i>new offering</i>	Shared Ownership	Shared Home Equity Product <i>new offering</i>
Payment Type	Rent	Rent	Ground rent & mortgage	Mortgage	Licence to Occupy
Duration of Occupancy	5 years/by agreement	5 years	No limit	Convert or exit by year 10	Convert or exit by year 10
Tenure	Tenancy agreement	Tenancy agreement & option to purchase 'Secure Home'	Leasehold land & home ownership	Freehold tenants in common, staircase to full freehold	Licence to Occupy converting to Freehold
Perpetual Affordability for community? ^v	Yes	Yes	Yes	Community capital share is fully recycled	No
Affordability for household? ^{vi}	Yes	Yes	Yes	Yes	Yes
Property available for next eligible household? ^{vii}	Yes	Yes	Yes	In certain cases	No
Viable in current market? ^{viii}	Yes	Yes	Yes	Not for new offerings	Yes
Use SHA/Council/IZ land? ^{ix}	Yes	Yes	Yes	Not for new offerings	No
Potential Challenges?	Scaling up	Scaling up	Customer acceptance	Difficult in high priced property market	Customer acceptance

Expanding the existing Affordable Rental offerings

The Taskforce discussed the need to significantly scale up Affordable Rental offerings in the District, and considered that on balance around 40% of the goal should be achieved with rental offerings. As this will require significant investment in housing stock, further modelling is required to determine how and what rate this can be scaled up, and to understand the relationships among the offerings. Many households in the District that start out in Affordable Rental may be able to transition into the new Secure Home Programme as they save for a deposit, and the Taskforce suggests that the existing Rent Saver programme be tailored to facilitate that transition.

Recommendation 1

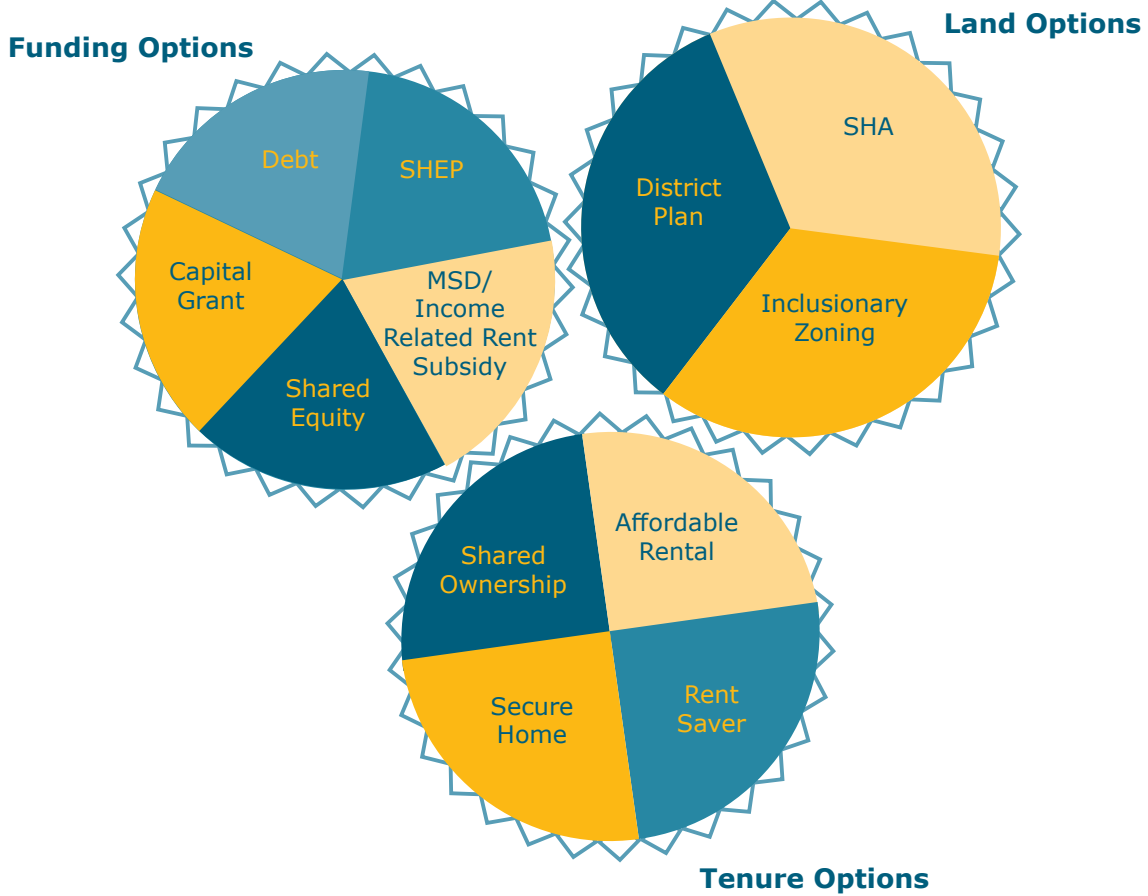
Build a range of Community Affordable market offerings

- 1.1 That the Secure Home Programme be:
 - 1.1.1 Considered, endorsed and promoted by the Queenstown Lakes District Council (Council).
 - 1.1.2 Queenstown Lakes Community Housing Trust (QLCHT) further develop the Secure Home Programme and use it for any future developments that are on land provided through an SHA process or with any other similar contributions obtained by the Council.
- 1.2 That the Shared Home Equity Product be:
 - 1.2.1 Considered by the Council as to whether it is able to provide a cashflow repayments guarantee to facilitate the development of the offerings and if so, under what terms.
 - 1.2.2 The QLCHT further consider and if appropriate, develop the Shared Home Equity Product and make it available to those on its waiting list as an alternative funding option to enable home ownership.
- 1.3 The QLCHT undertake further analysis on what is required to scale up Affordable Rental to deliver say 40% of the 1000 homes by 2028.
- 1.4 The QLCHT and Council report back by February 2018 on progress toward implementing offerings set out above.

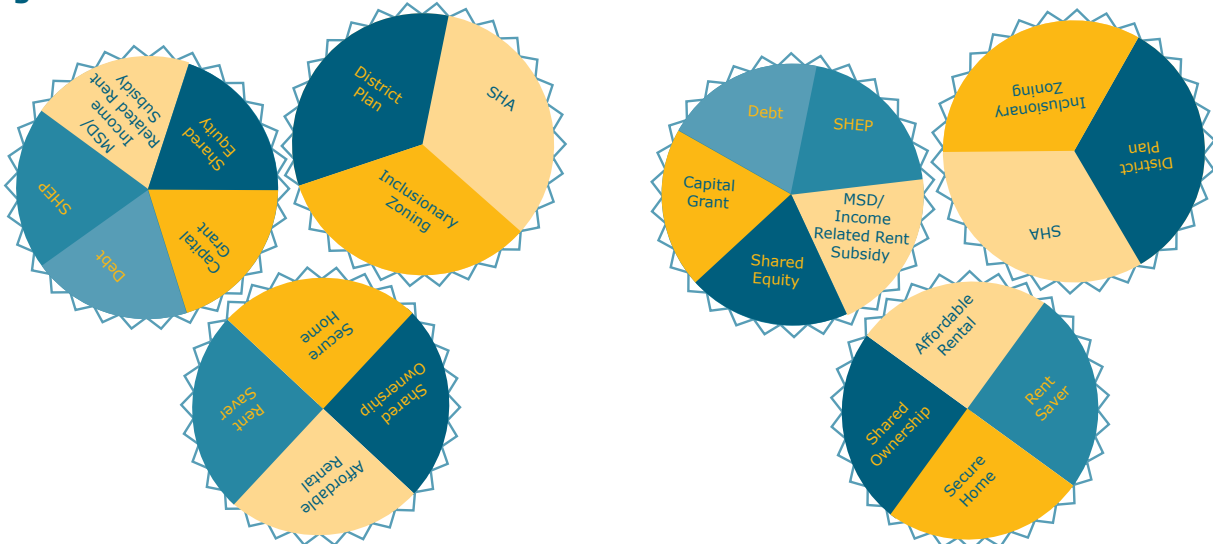
Bringing the pieces together

Delivering affordability for the committed residents and workforce in the District involves the interplay between providing land at an affordable cost, securing a range of debt and equity funding, and delivering tenure through a mix of rental and ownership options. How these three interrelated pieces best work is a matter for further development through a comprehensive strategy (see Recommendation 6).

Figure 6:



The Strategy in Recommendation 6 would explore how these options might fit together to meet our Goal



2 Adjust the Visitor Accommodation Settings

The Council is progressing a stream of work focused on understanding the use of private dwellings for short-term accommodation – defined as Visitor Accommodation.

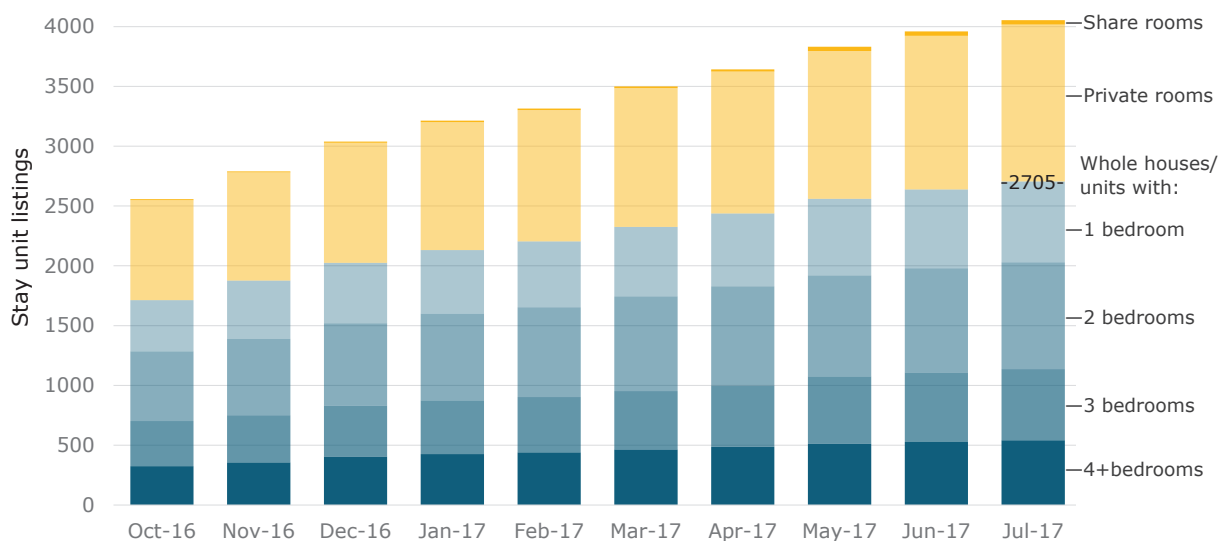
Current data indicate that Airbnb alone makes up approximately 14% of our total visitor accommodation capacity, providing over 4,000 stay listings in July 2017. District-wide data is shown in Figure 7 below for Airbnb, and there are a number of other websites (Bookabach etc) that offer similar services so the total number of rooms and houses is expected to be higher.

Commercial accommodation for the 10 months to July 2017 delivers 2.04 million stay unit nights; Airbnb is operating in residential accommodation delivering a further 277,523 stay unit nights over the same period. This has increased the visitor accommodation base by 14%.

The significant use of Airbnb (Bookabach etc) by many visitors to the District means it is now an important part of the accommodation mix provided in the Queenstown Lakes District area.



Figure 7: Airbnb activity operating in residential accommodation



Source: Airbnb Listings in the Queenstown Lakes District

A balance needs to be struck that ensures an appropriate mix of short-term and long-term secure rentals are available to meet the needs of visitors and the workforce.

Balance: Considering Airbnb operating in residential accommodation

Pros	Cons
Delivered 277,523 stay unit nights for the 10 months ending July 2017, an increase in the visitor accommodation base of 14%, helping to meet peak visitor demand.	More visitors increases need for workers to serve them in hospitality, tourism and community services, which increases demand for both seasonal and year-round accommodation.
Offers a unique stay experience for visitors to the District.	2,705 whole houses/flats no longer available for our workforce to rent year-round.

The impact on affordability is that these homes are not available on the long-term rental market. Airbnb and its like have allowed our visitor accommodation to scale up quickly to meet increasing visitor demand but that solution has put further pressure on the rental accommodation market for our workforce. Many cities around the world have looked to restrict Airbnb and its like because of the impact on housing affordability and availability for long-term residents.

The current controls around the use of private residential properties for short-term paying guests in Queenstown Lakes District do not appear to be managing the effects of that activity well. The Taskforce is aware that the Council is working to simplify its visitor accommodation compliance regime and the Taskforce has asked Council to consider ways to incentivise people to rent long-term to the local workforce instead of to short-term visitors.

Recommendation 2	Adjust the Visitor Accommodation settings
	2.1 Council review its current approach to the use of private residential properties for short term paying guests to provide a simpler regime that in turn addresses the need to rebalance the availability of rental stock to encourage greater long-term rentals.

3 Provide more land, intensification and inclusionary zoning

Making more land available

The Taskforce considered whether more land needed to be provided for future development. Initial findings of the Council’s Dwelling Capacity Model indicate that there is sufficiently zoned residential land within the urban growth boundaries of the Proposed District Plan to provide for projected growth in the short, medium and long-term. While there appears to be sufficient zoned land, actual supply of sections is limited by a range of factors including land banking by current land owners and the time it takes to get land to the market. Unless substantially more land is provided, the cost of sections as they are slowly released onto the market is likely to continue to increase. The market is currently constrained as indicated by the unavailability of land for housing at the present time.

Decisions on the Proposed District Plan’s residential chapters are not due until the first quarter of 2018. There is a concern that with the inevitable appeals the extra

capacity will not be able to be used at scale for another 2-3 years. Thus, this can only be one of the tools for some additional supply.

So while the Proposed District Plan in theory provides sufficient zoned land for growth, as well as providing for increased densities in existing zones, as a means of trying to increase the supply of housing units, further consideration to the identification of and enabling further greenfield land does need to be considered. This could be via future Proposed District Plan processes identifying additional land areas for development, allowing for further Private Plan Changes for residential developments or through further Special Housing Areas.

More will need to be done to make land available to go towards affordable housing if we are going to achieve the Taskforce’s goal of delivering the 1000 affordable homes over the next 10 years.

Infill and intensification options

The Taskforce discussed the following issues and possible options to address them.

Issues	Options explored
The extent to which existing residential property owners will take advantage of the ability to add additional units on their properties	<p>Adding units in existing areas: The Proposed District Plan contain a number of provisions to encourage infilling on large sections and the addition of residential flats in appropriate situations. Figure 8 shows the proposed provisions*.</p>
What the Council could do to further incentivise a landowner to develop— whether at the individual property scale, or on larger greenfield sites.	<p>Create a package of incentives: While there is a permissive planning environment provided for, the Taskforce thought that the Council should consider whether there were other things that need to be considered to further incentivise people to add an extra affordable rental unit to their property, such as a reduction in consent fees where a consent is required, or a reduction in development contributions and rates so that the development of the unit is more affordable, which in turn would increase the pool of units for use by the local workforce. There are perhaps possible mechanisms where a reduction in Council costs could be tied to the provision of long-term Affordable Rental accommodation.</p> <p>Whistler, BC has progressed a similar programme for adding affordable rentals, which is being researched further for lessons that can shape the work Council is doing.</p>

Figure 8

Proposed District Plan (future)		Additional Capacity above the current Operative District Plan
Low Density Residential (LDR) Zone - Permitted Activity		
Number of units or dwellings	Arrowtown - 1 per site Other areas - up to 2 per site	1700 dwelling units
Density	One dwelling per 300m ² (Land use)	
Medium Density Residential Zone - Permitted Activity		
Number of units or dwellings	Arrowtown - 1 per site Other areas - Up to 3 per site	1450 dwelling units
Density	One dwelling per 250m ² or no density limit where Homestar certification of a proposed development can be demonstrated	
High Density Residential Zone - Permitted Activity		
Number of units or dwellings	Up to 3 per site	850 dwelling units
Density	No maximum density. 115m ² – anticipated density	
Business Mixed Use Zone		
Density	No maximum density specified for Land Use. 1 dwelling per 100m ² – anticipated density	850 dwelling units
Total		4850 dwelling units

Special Housing Areas

The Council has over the last few years been able to use the provisions of the Housing Accords and Special Housing Areas Act (HASHAA) to provide for Special Housing Areas (SHAs) within the Wakatipu Basin area. It is important to note that the purpose of HASHAA is to enhance affordability by facilitating an increase in land and housing supply and that together the eight approved SHAs will provide for additional capacity and further choice in the market place, contributing upwards of 885 dwellings. These are in addition to any that would have been delivered if the Council had not taken the action that it had to approve the various SHAs.

However there is concern that despite the additional housing supply, affordability of units in those developments has not been delivered in all cases and this has undermined the public’s trust and confidence that ‘affordability’ would truly be delivered. Unlike in other parts of the country where the approach has been to approve SHAs through a zoning process, which has often resulted in the land value increasing considerably and then being land-banked to avoid the affordability contribution required under HASHAA being delivered, the majority of the separate SHAs approved in the Wakatipu Basin are under way and will deliver the expected 885 extra residential units.

The Council's Lead Policy (titled 'Housing Accords and Special Housing Areas Act 2013 Implementation Guidelines')^{xi} which guides its consideration of any SHA proposal requires, amongst other things, a contribution from the developer which is to go towards affordable housing. To date that has been largely met by the developer making a contribution to the Queenstown Lakes Community Housing Trust (QLCHT) and while the intent has been to secure 5% of the development as a contribution (by market value or land area), in reality the amount secured through this process has been much less. Those contributions will still result in the Trust being provided approximately \$6.7m of either land, units or cash contribution which will be delivered as affordable housing.

The Taskforce is of the view that the Council should take a clearer and stronger role in the negotiations around any contributions, managing and receiving the contribution from the stakeholders in the first instance and then deciding how to best use that contribution to achieve the District's affordable housing objectives.

The Trust should then use the contributions to build housing units that are made available either as long-term Affordable Rentals or for purchase via the Secure Home Programme to those that qualify according to the Trust's criteria.

The Taskforce is of the view that a greater contribution from the developer should be required given the significant benefits derived by the developer from the SHA process if approved – shorter time frames, greater certainty and less overall cost. Those contributions should then be directed towards developing and growing the pool of houses delivered where affordability is retained, whether through Affordable Rentals where the rents are maintained at affordable levels, or through Secure Home offerings.

Next generation inclusionary zoning as a permanent replacement for Special Housing Areas

The Council is continuing work on the next stages of the Proposed District Plan with the Stage 2 to be notified towards the end of 2017. The Taskforce believes that the Council should consider undertaking work on the next generation of inclusionary zoning policies for inclusion in Stage 3 which is scheduled to be notified in the 4th quarter of 2018.

'Inclusionary zoning' refers to district planning objectives, policies and rules that facilitate a landowner or developer to deliver affordable homes as part of new land development. They can be either on-site (as part of the development), or delivered off-site, in a nearby location and include the long-term retention of affordability. Value is generated by the change in zoning – say from rural to residential—which creates a substantial increase in the land value. The principle behind inclusionary zoning is that the community can share in value uplift, as it is the wider community who conferred that benefit of intensification through the policies of the local authority. In the District, it started with the Jacks Point Stakeholder Deed in 2003, and subsequently seven further stakeholder deeds have played a significant part of the resource base utilised for the 110 shared ownership homes delivered to date through the QLCHT. Recycling of community capital is achieved through the use of the Trust as owner of the community share of the value uplift.

Currently the District Plan has an objective and set of policies where proposed developments give consideration of housing affordability, yet these are not mandatory. The Taskforce has considered examples of international best practice, and reached the view that it is beneficial to move towards a policy environment where there is a mandatory contribution towards affordable housing from new greenfield developments, and from other developments that intensify use of a site. This technique is used in many jurisdictions around the world as a means of providing land or developments

to go to a Trust for long-term affordable housing options that also recognises the often significant increase in value associated with such developments. There is support for the contribution discussion on a level playing field such that all landowners (including Council) participate consistently.

The Taskforce supports further work being done that explores how a rate of contribution would be set that would see the goals achieved – both for 1000 affordable homes by 2028 as well as the 2048 goal. Such work should foster flexibility to allow contributions of land, homes, or cash with transparency on how the value of each can be compared consistently. It would also be just as easy to work with, whether at the subdivision stage or at completion of a medium density development of attached homes.

The HASHAA has a finite life unless the Government of the day extends it. Therefore the future use of SHAs as a means of adding new housing supply to the market may be limited. The Taskforce view is that the Queenstown Lakes District needs a wider, more permanent way of ensuring that affordability is delivered in all new developments.

The National Policy Statement on Urban Development Capacity (NPS-UDC) gives the Council a wider mandate to respond with policies fit for purpose over the long-term and the outputs from this, which the Council is currently working on, will help inform the approach.

Building support across the community and development sector is key as this policy work proceeds; it is more likely to succeed when it can combine a set of incentives for developments that result in a significant proportion of affordable housing. There is consensus that Council should increase its internal capacity to negotiate the set of incentives and affordability contributions, such that the benefit is clearly and consistently documented and received by the Council on behalf of the community.

Council Land

While Council has limited land available for residential development, the Taskforce supports the view that Council should deliver on the same basis as what it is asking other land owners to do. In that regard, the Taskforce encouraged Council to review its landholdings and identify specific opportunities that can be used for Affordable Rental or the Secure Home Programme. There was also discussion of Council's Lakeview site and that it be specifically included in the review.

Recommendation 3

Provide more land, intensification and inclusionary zoning

- 3.1 The Taskforce encourages the Council to look at ways of enabling more development land and infilling options to reduce existing impediments to additional homes being brought to market.
- 3.2 Council consider further incentives by mid-2018 that brings Community Affordable homes to market by exploring consent fees, development contributions and rates relief.
- 3.3 Council, when approving any future SHAs:
 - 3.3.1 Require a greater contribution than has been obtained in the past, to go towards affordable housing from the SHA given the significant benefits derived by the developer from the SHA process.
 - 3.3.2 Manage and receive all stakeholder deeds and contributions, to be passed on.
 - 3.3.3 Contributions should be solely directed towards developing and growing the pool of homes delivered where perpetual community affordability is retained over the long-term.
- 3.4 Council investigate and consider progressing a mandatory inclusionary zoning programme by 1st quarter 2019 through the District Plan review, to capture a portion of the on value uplift to be put towards long-term housing affordability.
- 3.5 Council review its own land holdings and look for opportunities to be able to contribute further towards the community investment in Community Affordable housing to at least the same level to other developers' contributions by February 2018.
- 3.6 Council report back on progress toward implementing offerings set out above by June 2018.

4 Invest in scaling up the Queenstown Lakes Community Housing Trust

The Queenstown Lakes Community Housing Trust (QLCHT) has been in operation since 2008, set up as the primary delivery organisation for affordable housing in the District as a result of the HOPE Strategy implementation. A memorandum of understanding between the Trust and Council clarifies their respective roles and provides for formal engagement between the two organisations. While the Trust is fully independent of Council, one of the Trustees is to be ratified by the Council as set out in its Trust Deed.

In order to achieve the Taskforce's goal of delivering 1000 affordable homes (via Secure Home and Affordable Rental) over the next 10 years, there is a need for a strong delivery mechanism that provides certainty to all parties and which ensures the retention of long-term affordability in the housing stock it produces. Almost by definition, that requires some kind of community based trust that can develop the housing stock, manage the relationships and ensure the retention of affordable units long-term for the benefit of the community.

The QLCHT has an established history and the Taskforce arrived at a consensus view that the consistent, quality delivery of genuinely affordable housing by the Trust since its inception in 2008 means that the community, and Council can feel confident to back it for significant growth going forward.

However, it was also agreed with the QLCHT representatives that the Shared Ownership Programme that the Trust has had in place since 2008, and which has assisted 124 households into home ownership, is now not able to expand given the growth in property values (see Figure 4). The Trust's model worked on the core principle that properties are bought and sold at current market value and the Trust felt this served all parties well. Recent market events where entry level price points have increased dramatically mean that it requires too much capital to assist a single household to achieve affordable shared ownership.



QLCHT

The Trust has assisted 160 households into secure homes since 2008:

- 124 into shared ownership
- 9 in Rent Saver
- 27 houses in Affordable Rental (of which 19 are assisted with the MSD Income Related Rent Subsidy).

There are currently 480 households on its waitlist.

While all households currently in the Shared Ownership Programme will continue, a different offering for new entrants is needed.

Given that, the proposed Secure Home Programme offers an exciting new alternative to the Trust's Shared Ownership Programme. The Taskforce recommends that QLCHT and Council review the structure of the Trust to ensure that all community investments it receives are fully retained and recycled for intergenerational affordability. Such a review would ensure the structures used can assist in scaling up the quantity of affordable homes delivered.

The Trust's operating policy is to develop all land that it receives through the Stakeholder Deeds process. It is currently looking for more land to develop, and will buy at market when it can afford to. The Trust is able to most quickly scale up when it can receive land, use its balance sheet to build affordable homes, and to then buy more units from a contributing developer. There are also opportunities for the Trust to work with fellow housing providers when new developments are undertaken, to provide a range of specialty housing options.

Figure 9: Example - Three bedroom family home

All of our workforce will be able to own or occupy a home in our District at a cost that allows them to live within their means by 2048.

	1,000 Community Affordable homes with secure tenure by 2028.				
	Affordable Rental	Rent Saver	Secure Home <i>new offering</i>	Shared Ownership	Shared Home Equity Product <i>new offering</i>
Improvements value	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000
Land Value	\$150,000*	\$400,000	\$400,000	\$150,000*	\$400,000
Average Household Income needed	\$60,000	\$75,000	\$85,000	\$85,000	\$110,000
Deposit needed (including deposit assistance) ^{xii}	\$-	\$10,000	\$70,000	\$70,000	\$75,000
Mortgage	n/a	n/a	\$280,000	\$280,000	\$675,000
Payments	From \$360 per week	From \$450 per week	From \$397 per week (5.5% interest & principal)	From \$397 per week (5.5% interest & principal)	From \$649 per week
Land costs weekly	n/a	n/a	\$115	n/a	n/a
Resale value change based on	n/a	Option to purchase as Secure Home once Deposit goal achieved	CPI (to be confirmed)	Market	Market value less 75% discount of capital appreciation over past 10 years; convert from LTO to full ownership by year 10.
Viable in current market?	Yes	Yes	Yes	Not for new offerings at current high land prices	Yes
Duration of Occupancy	5 years/by agreement	5 years	No limit	Convert or exit by year 10	Convert or exit by year 10

* Affordable Rental – assuming an apartment property
 Shared Ownership – this is the only value at which Shared Ownership is feasible for QLCHT

The Trust is also considering a range of new products and services to help businesses in town accommodate their workforce. For example, if the school has recruited a new teacher to the District, the Trust could manage a pool of affordable rental homes available for staff while they get to know the District and settle longer term.

The District is in some ways in an enviable position. There is alignment between Council and QLCHT, and there is momentum underway for delivering high-quality, efficient, genuinely affordable homes for the local community. There is a growing track record in the development community that when land is contributed for genuinely affordable housing, it is administered reliably and consistently. While there have been some concerns that a few families have sold their share of their Shared Ownership home and moved out of the District, the Trust has fully retained the value of the

community's share and reinvested that into a home for another eligible family from the waitlist.

However if the Trust is to be the entity that receives contributions negotiated by the Council as part of an SHA or other mechanism, and it is to be the delivery vehicle for all affordability offerings, then the Council's relationship with the Trust will need to be reviewed and strengthened. There will be a significant community investment derived by the Council if the various initiatives recommended by the Taskforce are acted on and the Council will want to be assured that there are robust and enduring governance arrangements in place to appropriately manage and deliver long-term affordable housing.

Recommendation 4

Invest in scaling up the QLCHT so that it is able to contribute strongly to the goal of delivering 1,000 Community Affordable homes with secure tenure by 2028

- 4.1 The Council should confirm QLCHT is its preferred partner for receiving any contribution obtained by the Council and to be the primary delivery organisation for affordability product offerings to the residents of the District.
- 4.2 If confirmed, that the Council and QLCHT review the form and structure of the Trust by June 2018 to:
 - 4.2.1 Ensure the appropriate structure is in place and that it is fit for purpose to achieve perpetual affordability.
 - 4.2.2 Confirm the relationship between the two organisations.
 - 4.2.3 Ensure it retains the support of the shared stakeholders—the entire community—as it grows.

5 Address household income support

The Taskforce became aware that many households in the District are eligible to receive the Accommodation Supplement from Central Government, yet due to the high growth rate of the District many newly zoned areas are not properly classified for eligible households to receive their maximum entitlement. This means that many households that may be potentially eligible to receive the supplement may be disadvantaged because they live in the newer developed residential areas. Given the ongoing growth across the entire Queenstown Lakes District, this inequity is only going to get worse.

With regard to social housing, there are only a dozen Housing New Zealand properties available in the District, and the number continues to decline through the ongoing sale of these properties to the open market. Many District residents that would like to apply for social housing have been discouraged from doing so given the lack of available places

The Trust is a registered social landlord through the Community Housing Regulatory Authority and is able to provide homes assisted with the Income Related Rent Subsidy (IRRS). Many social service agencies experience difficulty in assisting a potentially eligible household to confirm their eligibility on the Social Housing Register, maintained by MSD.

To address these issues, the Taskforce recommends a partnership approach with central government, that can ensure the residents of the District receive their fair share of assistance available to households everywhere else in the country. Further, there is a history of central government assistance in the form of capital grants and the direct provision of housing (via HNZA) that again need to be part of the mix of solutions.

Recommendation 5

Address household income support

- 5.1 Council to engage with Ministry of Social Development (MSD) to confirm the updated Accommodation Supplement levels available in the District that come into effect on 1 July 2018.
- 5.2 Council and QLCHT to engage with MSD to track District applicants for Social Housing by July 2018, and if not eligible, to develop a data exchange approach that informs the housing needs assessment in the District.
- 5.3 A partnership approach with Government be outlined and included in the Strategy (set out in Recommendation 6).

6 Build a strategy for long-term community support

If the outcomes of the Taskforce's deliberations are to have lasting effect, then the recommendations in this report that require Council action need to be considered and committed to in such a way that bind the Council going forward, and similarly for QLCHT and other parties.

Council has done this previously, with the adoption of the 2005 Housing Our People in our Environment (HOPE) strategy. It contained 32 actions across four areas:

- Policy development, advocacy, research and education
- Planning mechanisms
- Financial initiatives
- Delivery.

The majority of its recommendations were achieved, and it provided a comprehensive plan that guided the work of Council, Community and the Trust from June 2005 through to this day.

The NPS-UDC requires Council to understand supply and demand of residential and business land capacity, the property and development market and competing market factors. It also requires Council to have a broad knowledge of the competing factors and demands of the community, including demand for different typologies of housing which could include worker accommodation and affordable housing.

The NPS-UDC requires three key pieces of work including Residential and Business Capacity Assessments, the setting of minimum targets and a Future Development Strategy (FDS). The Residential capacity assessment requires a review of feasible capacity, prices, rents, consent activity, affordability and price efficiency. As part of this the Council will obtain a more detailed understanding of our housing market, including its level of affordability, demand for housing typologies, prices and locations and the ability for Council to service this capacity with development infrastructure.

The findings from these assessments will help inform the FDS, which is required to demonstrate there will be sufficient, feasible development capacity in the medium and long-term, and demonstrate that the minimum targets will be met. The FDS will be an important strategic document for the District, which will also help guide development over the next 30 years.

Council should also explore further applications to the central government Housing Infrastructure Fund to assist it with funding the necessary infrastructure turn development capacity into housing.

It is suggested that a new Queenstown Lakes Housing Strategy should take a 'systems approach' to further align the recommendations of this Taskforce report with the FDS, to provide certainty that the 2028 delivery target and 2048 goal can both be achieved. A systems approach would articulate the practical ways that different parties can perform in ways that advance the overall goals.

For example, a systems approach would also address housing quality and sustainability as well as affordability. The Homestar^{xiii} rating system is one of the tools that should be considered as the strategy is developed, to inform standards for new housing supply and retrofits, to foster best practice on sustainability while also reducing household operating costs, which also assists with affordability.

It's time for an updated Housing Strategy, one that can build on the work done to date and become a road map for going forward. When combined with the FDS, it may consider a spatial planning approach that would ensure land is available that can deliver the quantity of affordable homes required.

Recommendation 6

Build a strategy for long-term community support

- 6.1 Council develop a new Queenstown Lakes Housing Strategy in collaboration with the many parties across the private sector, QLCHT, and central government, with the aim of achieving the goal that: all of our workforce will be able to own or occupy a home in our District at a cost that allows them to live within their means by 2048, with an initial target of 1000 Community Affordable homes with secure tenure by 2028.
- 6.2 Council ensure that the Community Affordable housing needs are considered in the development of the Council's response to the NPS-UDC.
- 6.3 Council and QLCHT each reviews the recommendations and reports back on achievements on a six monthly basis.
- 6.4 Confirm the definitions of 'affordable', Community Affordable and how 'perpetual affordability' is measured and achieved.
- 6.5 Clarify an ongoing stewardship role for the Taskforce, for the purpose of accountability on progress toward the goals.

Figure 10: The six recommendations work together to achieve our Goal



Endnotes

- i <http://www.qlcht.org.nz/assets/Images/Rental-Survey-Report-Apr16.pdf>
- ii <http://www.qldc.govt.nz/council-online/council-documents/strategies-and-publications/affordable-housing-strategy/>
- iii <http://www.qlcht.org.nz/our-policies/>
- iv <http://www.communityhousing.org.nz/housing-continuum/>
- v Perpetual Affordability for Community: building up a stock of Community Affordable housing properties, that are available for the workforce of committed locals. Offering both Affordable Rental and Secure Home, administered by the Trust, to ensure the long-term retention of all community investment in the homes.
- vi Affordability for Household – means the home is Community Affordable, where the household is able to spend less than 35% of gross household income on rent or mortgage repayments.
- vii Property available for next eligible household means that the home is not sold on the open market when a household chooses to exit the property. Instead, the property is either re-let as an Affordable Rental or re-sold through the Secure Home programme.
- viii Viable in current market means that there is available land or capital for the programme offering. For example, Shared Ownership is not currently viable for new offerings in the Wakatipu Basin, given current land prices (see example in Figure 4, page 12).
- ix Use SHA/Council/IZ land means whether the programme can utilise contributions from Special Housing Areas, Council or from District Plan Inclusionary Zoning provisions.
- x See the District Plan for full details. NOTE: All structures are subject to those bulk and location standards outlined within the District Plan. The permitted standards outlined above do not preclude any development from complying with any other relevant site or zone standard. Table does not include Arrowtown Residential Historic Management Zone.
- xi <http://www.qldc.govt.nz/assets/Uploads/Planning/SHA/Housing-Accord-and-Special-Housing-Areas-Lead-Policy-24.11.16.pdf>
- xii Three forms of Deposit assistance may be available to some households from the NZ Government: KiwiSaver HomeStart Grant (deposit subsidy) and the KiwiSaver first home withdrawal can be used separately or together by first home buyers or “second chance” buyers who have been contributing the minimum amount to KiwiSaver for at least 3 years. The Grant can provide \$3,000-\$5,000 on an existing property or \$6,000-\$10,000 for a new build (double for 2+ buyers). Household income caps are up to \$85,000 for single buyer, \$130,000 for 2+ buyers, and the maximum property price in the Queenstown Lakes District is \$550,000.
<https://www.hnzc.co.nz/ways-we-can-help-you-to-own-a-home/kiwisaver-homestart-grant-and-savings-withdrawal/>
Welcome Home Loan may also be available, which reduces the deposit requirement to 10%, with similar income and property price caps as the KiwiSaver programmes.
<https://www.hnzc.co.nz/ways-we-can-help-you-to-own-a-home/welcome-home-loan/>
- xiii <https://www.nzgbc.org.nz/homestar>

Appendix 1: Housing Affordability Taskforce Members

Ian Adamson	Principal - Warren and Mahoney Architects
Stephen Brent	Principal Partner - Cavell Leitch Lawyers & QLCHT Trustee
Paul Croft	Chief Executive Officer - Infinity Investment Group
Shaun Drylie	Group Chief Executive - SBS Bank
Steve Evans	Chief Executive Land & Residential Development - Fletcher Building
Scott Figenshow	Chief Executive - Community Housing Aotearoa
John May/Ian Greaves	Director/Development Manager - Southern Ventures
Sally Mingaye-Hall	Board of Trustees - Shotover Primary
Bill Moran	Former Chief Operations Officer & Deputy Secretary - NZ Treasury
Paul Munro	Chief Executive - Christchurch City Holdings Ltd
Julie Scott	Executive Officer - QLCHT
Kirsty Sinclair	Real Estate Agent - Harcourts
Trent Yeo	Director - Ziptrek
For QLDC	
Jim Boulton	Mayor
John MacDonald	Councillor & Taskforce Chair
Ross McRobie	Councillor
Mike Theelen	Chief Executive
Tony Avery	General Manager Planning and Development
Ian Bayliss	Planning Policy Manager

Appendix 2: Key principles and assumptions behind a Secondary Affordable Market proposal

Principles for designing a Secure Home Programme for the District:

1. Land will remain in QLCHT's ownership in perpetuity.
2. Household will lease the land from QLCHT at a concessional rent with a 99-year lease.
3. Ground rent will be determined by QLCHT and not necessarily reflective of the market value of the land – estimating \$6,000 per annum on a site with land value of \$350k.
4. Ground rent increases will occur every three years at a predetermined rental increase, e.g. CPI. "No surprises" structure will be in place to protect lease from erosion of value.
5. Household will purchase the improvements at a QLCHT-controlled price (i.e., improvements value to be determined by the Trust, or build-cost).
6. Household must meet QLCHT standard eligibility criteria, such as be employed or have been employed in the District long-term etc.
7. Household will take out a mortgage with a market bank (or another funding mechanism).
8. Household must be under 30-35% DSR target inclusive of mortgage repayment and lease costs.
9. Household can stay in property in perpetuity – unlike current Shared Ownership model there is no 10-year sunset clause.
10. Household must be occupied and can not be used for Visitor Accommodation.
11. Restricted re-sell rules – covenant on title states property can only be sold back to QLCHT (or a new approved QLCHT household) at a restricted price, e.g. increased by CPI or a QLCHT-controlled amount.
12. Household can sell and buy again in QLCHT's restricted market if upsizing/downsizing required.

Assumptions

1. Household will never make substantial capital gains – this will always be tightly controlled by QLCHT.
2. Household will enjoy all other privileges of home ownership, e.g. security of tenure, being able to make changes to the improvements.
3. Household may never be able to progress to full independence in the open market – however with current property values they are unlikely to be able to enter the open market anyway.
4. A significant communication package will be required to educate first home buyers and the media on a new paradigm for secure home ownership in New Zealand.
5. QLCHT's Onslow Road land (14 sections) has been identified as ideal pilot site for new programme – titles due June 2018.

